Office of the Special Deputy Receiver
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Chicago, IL 60654
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www.osdchi.com

REQUEST FOR PROPOSAL

ESTATE ADMINISTRATION TECHNOLOGY AND EFFICIENCY INITIATIVE

Proposal deadline – December 2, 2009

Note:
The Office of the Special Deputy Receiver selected and notified a short list of eligible firms after evaluating responses to a Request for Qualifications (RFQ) for an information technology improvements program. Only those firms may submit proposals. Pursuant to the terms of the RFQ, proposals from non-eligible firms will be rejected.

October 23, 2009

Introduction

The Office of the Special Deputy Receiver (the "OSD") requests proposals for services to implement the Estate Administration Technology and Efficiency Initiative. In May 2009, a consultant assessed the OSD's information technology ("IT") and business needs and recommended IT-related strategic and tactical plans (the "Assessment"). The OSD now seeks a firm it can collaborate with in a program designed to improve our business process to provide faster and more economical services to creditors through its IT architecture, organization, and services (the "Program"). All projects within the Program will produce benefits to the estates in excess of costs.

Timetable

October 23, 2009	RFP published
November 2 - 6, 2009	Information sharing meetings
November 9 - 13, 2009	Information sharing meetings
November 18, 2009	Share common questions and answers
December 2, 2009, 4:00 P.M. C.T.	Proposal deadline
December 7 - 10, 2009	Presentations by firms
December 18, 2009	Decision on proposals
TBD	Finalize SOW and contract
TBD	Court approval

Background

The Office of the Special Deputy Receiver, a private not-for-profit corporation, administers the conservation, rehabilitation, and liquidation of insurance companies (estates) for the Illinois Director of Insurance.

All 84 OSD employees normally work at a single location – an office on the fourteenth floor of the Merchandise Mart in Chicago, Illinois. Some employees temporarily work in the offices of receivership companies, typically shortly after receipt of an applicable court order. Employees can remotely access the computer network via an https connection.

The IT Department directs and coordinates the operation of all computer systems used by the OSD and all insurance companies in receivership in Illinois. The IT Department uses insolvent companies' computers and data to identify potential claimants and collect financial and other electronic records and network backups.

The IT Department currently has eight employees responsible for:
- On and off site, IT-related support for all estates
- Business applications – requirements specification, acquisition, design, development, maintenance, security, testing, and documentation
- Database design, administration, and security

- Network (AS/400 and LAN) administration, planning, architecture design, hardware and software installation, licensing, internal/external security, equipment maintenance, and problem resolution
- Website design, development, and maintenance
- Disaster recovery and business continuity planning and support
- IT and claim processing related business analysis and consultation
- Help Desk functions and operational support including printing disbursement checks and proof of claim forms.

The "Computing Environment and Infrastructure" and "Existing Applications" sections in this document provide additional information on the OSD's network, equipment, and applications.

Objectives

The projects and objectives described in this RFP are consistent with the OSD's goals and the Assessment's recommendations. This section summarizes the Program's nine projects, and the attached exhibits provide additional details. The objectives will require further specification depending in part upon: 1) the firm's ability to identify and address the issues, 2) analysis, decisions, and planning during the first portions of the Program and each of the projects, and 3) the content and structuring of the contract, statement(s) of work ("SOW") and ongoing business relationship between the firm and the OSD.

The OSD established goals and objectives based upon business and technological needs and the following criteria – scalable, flexible, maintainable, and cost effective solutions that are spread over time. Leasing and/or hosting of hardware and software are preferable where feasible, practical, and effective.

The Program comprises two phases. The first phase includes planning and preparing for all elements of this Program. This also includes: establishing a new financial system; and, upgrading computer hardware and software for the network, servers, storage, and desktops. It will also establish processes for project and program management, governance, and decision-making. The projects in phase II will improve the OSD's claim system; analyze and enhance processes, workflow, and procedures involved in all aspects of estate management; simplify the time entry system; and introduce a data warehouse with new financial, analytical, and reporting capabilities.

Although listed separately, the projects are functionally and logically interdependent, to varying degrees, both within a phase and between phases. All of the objectives in the nine projects target benefits to the OSD's service to estates. The division of projects into two phases is primarily a matter of relative urgency, need, and dependencies. The OSD may elect to proceed or not proceed with any of the projects depending upon the respective project cost and time projections as well as known and expected business conditions.

Proposals must include fixed costs where applicable, ranges of hours, hourly rates and ranges of total costs including out-of-pocket expenses for each of the nine projects and a summary for the entire Program. We understand that proposals may include fixed and variable costs and that where a range is provided the costs identified are only estimates. Billings may be a combination of fixed costs and charges based on actual hours. Actual charges exceeding the estimates will require prior written approval from this office. Proposals, and any resulting contract, must also include assurances that the firm's hourly rates will not increase over the two-year period immediately following the execution by both the firm and the OSD of the resulting contract, including all SOW, except for changes in the scope of work requiring the use of individuals at billing levels not contemplated in the proposal for the nine projects identified in this RFP.

Managing potential future OSD responsibilities may require additional specialized resources and methodologies. Proposals must include the tiered hourly rates that would be charged for information technology and estate management activities. Proposals, and any resulting contract, must also include assurances that these hourly rates will not increase over the two-year period immediately following the execution by both the firm and the OSD of the resulting contract.

Project Summaries

Phase I

1. **Integrated financial system - Dynamics GP**
   Replace the OSD's General Ledger with Microsoft Dynamics GP including their General Ledger, Accounts Payable, Accounts Receivable, and Fixed Assets modules. Integrate the new system with other OSD systems.

2. **Establish Future State IT**
   Implement and upgrade IT processes, departmental structure, employee skill sets, software tools, and training needed by all of the performance and productivity-improving projects. Processes would include project and incident management, project requests and budgeting, source code control, and quality assurance/control. Organizational objectives would involve refining staff responsibilities, plans related to other IT improvements and staffing needs. Software tools include products such as Microsoft Project, SharePoint, and Visual Studio. Consider and incorporate Systems Development Life Cycle (SDLC) methodologies. Plan, propose, initiate, coordinate, and conduct short term and longer-range training of IT Department members and other OSD employees.

3. **Network upgrade**
   Upgrade network switches and replace hubs with Cisco Catalyst or HP ProCurve switches. Add new HP servers and virtualize servers using VMware. Upgrade to Microsoft Office Professional 2007/2010 and SQL Server 2008. Upgrade Citrix software from Presentation Server to XenApp. Replace, upgrade, and add firewalls and uninterruptible power supplies. Evaluate the existing remote access solution and Internet connection relative to projected needs of the planned IT environment.

4. **AS/400 upgrade**
   Replace one model 620 AS/400 and one model S10 AS/400 with a refurbished IBM iSeries 520-0902 or similar model. Working with an IBM partner (Meridian IT), plan and implement application and data migrations. Establish functional production and test environments. Verify hardware and software maintenance and support for the system.

5. **Desktop environment**
   Implement PCs and thin-client devices as necessary for utilization of tools introduced pursuant to this proposal.

Phase II

6. **Enhance the OSD's claim system**
   Work in parallel with the responsible OSD IT Department member to plan, design, develop, test, and implement improvements for specific RPG modules of the OSD's claim system (the "Liquidator" system).

7. **Data warehouse** (Claims and Reinsurance, financials, and other metrics)
   Develop, implement, test, and provide training for a data warehouse that would be used by estate management applications to create and update dashboards, create reports, and enable user-analysis of information from the OSD's systems for the purposes of maximizing efficiencies for the benefit of creditors. Introduce the data warehouse in steps starting with Claims and Reinsurance. The next element would yield improved financial analysis and reporting, and the third phase would incorporate data from other systems such as time-entry and HR.

8. **Simplified time entry system**
   Implement a more efficient time entry system with improved functionality. Either improve or replace the existing Tenrox Timesheet application. Simplify the selection of project codes. Coordinate the features and functions of the time entry system with improvements planned for the OSD's accounting, budgeting and project management processes. Ensure that the new or upgraded time entry system works well with planned computer and display replacements.

9. **Estate management** (two components)
   In the first component, review all activities and processes for estate management. Design and establish improved processes and work with the OSD to propose and implement more effective and efficient activities and organizational structure. Also enhance cost-based accounting for the receivership estates that will improve efficiency and pass strict cost/benefit analysis.

10. **Other**
    The OSD may consider additional improvements.

Proposals

Send or deliver your proposal package, consisting of one signed original, six printed copies, and one PDF format copy of your proposal to:

Richard Hungsberg, IT Manager
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza, Suite 1450
Chicago, IL 60654

All proposal packages must be actually received by the OSD no later than 4:00 P.M. Central Time on December 2, 2009. Any proposal package that is incomplete, or actually received after 4:00 P.M. Central Time on December 2, 2009 shall be disqualified from consideration for award.

Although other OSD employees will participate in this Program, the IT Department Manager will be the initial and primary point of contact for questions, suggestions, and requests during the RFP phase. Send written communications to him at rhungsberg@osdchi.com.

The OSD plans to invite company representatives to separate meetings to discuss the Program. We will schedule those meetings during the weeks of November 2 – 6 and 9 - 13. However, each firm will be solely responsible for interpreting the RFP requirements.

Each responding organization will bear all expenses associated with preparing, providing, and presenting their response to this RFP. Firms must treat all OSD information (documents, verbal, and electronic) as confidential and will be required to sign a confidentiality or nondisclosure agreement when they come to the OSD for the information sharing meetings. The winning firm must also sign and submit an OSD security policy – user acknowledgment form before they may be given access to the company's network.

During the OSD's evaluation and selection process, we will consider proposals received in response to this RFP as well as the firms' recent Statements of

Qualification. Proposals should include the following types of information only if they are additions or changes from the input submitted in the August 2009 Statements.

- Name of firm and addresses of the firm's headquarters and the office that will provide the consulting services.
- Names and contact information for the organization's primary and alternate contacts.
- Background and ownership of the company including years in business and number of employees.
- Descriptions of the firm's areas of expertise and experience in providing this type of consultation.
- Descriptions of similar projects/programs for similar sized companies within the past three years.
- Reference-contacts from those client companies – names and contact information.
- Resumes of the firm's employees who could work on the Program.
- Estimated fraction of each person's time devoted to the Program.
- Name of the technical lead person.
- Identification of any sub contracting of services – name of firm, specific services, applicable experience, and reference-contacts.
- Description of project management techniques and resources that would be applied to OSD Program and projects.
- Conditions, procedures, approvals, and rates for out-of-scope work.
- Statement that substitute personnel must be pre approved by the OSD.
- Statement that the firm will meet each objective.
- Description of how the firm will address each objective.
- Estimated total cost with total time, hourly rates, and other costs
- Estimated elapsed time to complete the proposed Program.

The OSD will invite each firm that submits their proposal by the due date and time to verbally present their proposal at the OSD. We plan to schedule those individual meetings during the period of December 7 – 10, 2009.

Evaluation and Selection

The OSD intends to enter into a contract with the firm that in the OSD's opinion best meets the responsiveness and price criteria described below. However, this RFP does not commit the OSD to select or enter into a contract with any organization, and the OSD reserves the right to reject all proposals. The OSD will use a committee to review and evaluate proposals. We will make all decisions on compliance, evaluation, terms and conditions, and shall make decisions solely in the best interests of the OSD and the estates we administer.

We may request Best and Final Offers when appropriate.

Evaluation of Compliance

The OSD will determine whether the proposals comply with this RFP. Failure to meet the requirements set forth in this RFP, in whole or in part, will affect our evaluation.

Evaluation of Responsiveness

The OSD intends to use a point ranking system to aid in the evaluation process and reserves the right to use its discretion to eliminate proposals deemed unacceptable. We intend to consider and use information supplied in Statements of Qualifications, Proposals, reference contact interviews, information sharing meetings, and final presentations of Proposals.

We will separately determine how well proposals satisfy the RFP objectives in terms of responsiveness, and we will rank proposals, without consideration of price, using a point ranking system (unless otherwise specified). The OSD may re-contact references during this portion of the evaluation.

The following list describes the responsiveness evaluation system.

1. The maximum number of points for responsiveness is 175.
2. Firms who receive less than 105 responsiveness points will not be considered for price evaluation and selection.
3. Firms that receive fewer than half of the maximum points for any of criteria 1 - 9 will be rejected.
4. The following table identifies the responsiveness criteria and their relative weights (points).

	Responsiveness Criteria	Points (maximum)
1	Firm's qualifications and ability to perform	40
2	Firm's experience on projects of similar scope and size	20
3	Firm's financial stability	20
4	Capability of handling all identified OSD projects	20
5	Input from reference contacts during the RFQ or RFP processes	20
6	Qualifications and experience of proposed team members	15
7	Quality and comprehensiveness of the proposal	10
8	Maintenance and operational support capabilities	10

9	Training - guidance and resources	10
10	Direct experience in insurance or insurance receiverships	10
	Total (maximum)	175

With respect to each of the Responsiveness Criteria, the OSD will determine whether any failure to supply information, or the quality of the information provided, will result in the downgrading or rejection of a proposal. Firms whose proposals meet minimum responsiveness requirements will be eligible for further consideration in the next phase – the evaluation of price.

Evaluation of Price

The OSD will rank proposal prices on a relative basis. We will calculate prices based upon the bidders' estimated hours and applicable labor rates in addition to any fixed price components. When a proposal includes a range of hours, we will use the highest number in that range. The OSD reserves the right to disqualify proposals having prices that appear unrealistic or significantly understated for the services offered.

The maximum number of price points is 115. We will determine price points using the following formula:

Maximum price points X lowest proposal price / firm's proposal price = price points.

Evaluation score

The maximum number of combined responsiveness and price points is 290. The maximum values of 175 and 115 points approximately represent a 60:40 ratio of responsiveness to price. The ratio may be different for actual point values as scored by the evaluation committee.

Computing Environment and Infrastructure

The network employs CAT 5 equivalent cabling installed shortly before the OSD moved to the Merchandise Mart in 1992. The company did its last major upgrade of the AS/400s and LAN in 1999 and made subsequent, selective improvements. Employees now use Microsoft IE6 and Office 2003 applications running in a Window Server 2008 Active Directory, Window Server 2003 – Citrix Presentation Server 4.0, centralized client-server environment. They also use internally developed, RPG 4 applications running on a ten-year old, IBM model 620 mid-range computer with the IBM V5R2 operating system. The IT Department develops and tests RPG programs on an IBM model S10 'test system'. They develop and maintain applications on the LAN using Microsoft Access and VBA.

The switched, client-server network primarily employs Compaq/HP servers and PCs and Thinstar Windows-based terminals. Most of the PCs are approximately ten years old. The OSD purchased 25 new desktop PCs in January 2005, making the newest units almost five years old. The typical computer display is a ten-year old, 15" CRT monitor, although there are small numbers of 17" and 19" CRT monitors and flat panel displays. The OSD added an ADP application server in 2003, replaced the file and backup servers in 2004, and added a SQL server in 2005. We added HR and timesheet application servers in 2006 and replaced the Citrix, print, and e-mail servers in 2006, 2007, and 2008 respectively. The OSD introduced Microsoft Active Directory and upgraded from Exchange 5.5 to Exchange Server 2007 in October 2008. We added BlackBerry Enterprise Server 5.0 in August 2009.

Employees use either PCs or Windows-based terminals (thin client devices) to access LAN applications primarily running on seven Citrix servers. Most people connect to the AS/400 systems through the Citrix servers using IBM Client Access software on their PCs or the Citrix servers.

Existing Applications

The OSD Liquidator claims administration system, Accounts Payable, General Ledger / Investments, Cost Allocation system, Archives system, F & E inventory system, and other RPG programs run on a legacy, IBM model 620, mid-range computer. Those programs, some of which were written in the 1980s, have since been modified and updated to varying degrees.

The Liquidator system, an RPG application custom written for the OSD's insurance company receivership functions, includes modules for claim processing, proof of claims, return premiums, adjudication, distribution of assets, salvage and subrogation, Early Access, and claim statistics. The OSD uses the Uniform Data Standard (UDS) for exchanging data with the states' Guaranty Funds. The Liquidator system is compatible with version 1.0 of UDS.

Claim inquiry and policy inquiry systems, the CASH system, Tenrox Timesheet application, HRMS Entre HR system, Pinetop Insurance reinsurance – retrocessional billing and accounts receivable systems, estate specific EOB (Explanation of Benefits) systems, and Microsoft Access 2003 database applications run on the Windows – Citrix platform.

Standard Terms and Conditions

The OSD recognizes that although it is a private not-for-profit corporation organized under the laws of the State of Illinois, its activities are assigned by the Illinois Director of Insurance when acting in the capacity of statutory and court-affirmed Receiver of insurance companies. The OSD further recognizes that its representation of the Director of Insurance, as Receiver, arises from the powers of attorney given by the Director to the Special Deputy who also fills the positions of President and Chief

Executive Officer of the OSD. Accordingly, it is the policy of the OSD not to contract with any person or entity that is in violation of the laws of the State of Illinois or is barred from contracting with the Illinois Department of Insurance, under Illinois Public Act 095-0971, or otherwise. OSD Requests for Proposal and resulting contracts require purchaser compliance with state law.

All proposals must state that they remain firm for 60 days from opening.

This RFP does not commit the OSD to select an Awardee or enter into a contract with any party. The OSD reserves the right to rescind or revoke this RFP prior to the execution of a contract with the Awardee. The OSD may in its sole discretion: reject a proposal if it is non-responsive or non-compliant with the requirements set forth in this RFP; or waive minor discrepancies in any proposal. All materials submitted in response to this RFP shall become the property of the OSD and will not be returned.

The OSD reserves the right to reject all proposals; to reject individual proposals for failure to meet any requirement; to award by item, part or portion of an item, group of items, or total; and to waive minor defects. We may seek clarification of the proposal from you at any time, and failure to respond is cause for rejection. Clarification is not an opportunity to materially change the proposal. Submission of a proposal confers on you no right to an award or to a subsequent contract. The RFP process is for the OSD's benefit only and is to provide the OSD with competitive information to assist in the selection process. All decisions on compliance, evaluation, terms and conditions will be made solely at our discretion and made to favor the OSD.

You may submit your proposal by mail, courier service, or hand-deliver. We do not allow computer, fax, or other electronic submissions. We must actually receive proposals as specified. It will not be sufficient to show that you mailed or commenced delivery before the due date and time. All times are State of Illinois local times.

The content of a proposal submitted by a firm is subject to verification. Misleading or inaccurate responses will result in disqualification.

Proposals become the property of the OSD and these and late submissions will not be returned. Your proposal will not be confidential, unless you request in your proposal that we treat certain information as proprietary. We will not honor requests to treat entire proposals as confidential or proprietary. You must show the specific legal grounds that support an assertion that specified material in your RFP is proprietary. Regardless, we will disclose the successful firm's name and the price, and in presenting a petition for approval of the award by the Circuit Court of Cook County, Illinois, the OSD and the Director, as Receiver, reserves the right to disclose the names of all firms that submitted a proposal, and copies of all such proposals. If you request confidential treatment, you must submit an additional copy of your proposal with proprietary information deleted. This copy must tell the general nature of the material removed and shall retain as much of the proposal as possible. You agree the OSD may copy the proposal to facilitate evaluation and any necessary

court approval. You warrant that such copying will not violate the rights of any third party.

Firms must be prepared for the OSD to accept the proposal as submitted, but contract negotiations may be necessary or desirable, at the OSD's sole option. If negotiations do not result in an acceptable agreement, the OSD may reject the proposal or revoke the award and may begin negotiations with another firm. Final contract terms must be approved or signed by the appropriately authorized OSD official(s) and approved by the Circuit Court of Cook County, as required by statute.

We will post a notice to the OSD Web site, www.osdchi.com., identifying the apparent awardee. The notice extends the proposal firm time until we sign a contract, including the obtaining of any required court approval(s), or determine not to sign a contract.

If you are the awardee, you shall not commence, and will not be paid for any billable work prior to the date all parties execute the contract, unless approved in writing in advance by the OSD's Chief Executive Officer and either the Purchasing Party or Procurement Officer.

This RFP and the resulting Contract are to be governed by the laws of the State of Illinois. Changes in applicable laws and rules may affect the award process or the resulting contract. Firms are responsible for ascertaining pertinent legal requirements and restrictions. Any and all litigation or actions commenced in connection with this RFP will be brought in the Circuit Court of Cook County, in Illinois. We do not allow binding arbitration.

All fees paid under the contract negotiated with the firm awarded the contract are subject to review pursuant to the provisions of Section 202 of the Illinois Insurance Code, 215 ILCS 5/202. In the event that any fees paid to your firm for services are subsequently disallowed by one or more of the courts supervising the estates administered by the OSD, your firm agrees to promptly reimburse the Receivership Estate(s) from which those fees were paid.

Inquiries

Please submit all questions concerning this RFP exclusively to the OSD's IT Manager at rhungsberg@osdchi.com.

Project 1 - Integrated Financial System

Our goal is to replace the legacy AS/400 accounting business software with Microsoft's Dynamics GP. The legacy AS/400 accounting business software provides financial reporting from General Ledger, Accounts Payable, Time Accounting, Investment Tracking, and Cost Allocation. Dynamics GP will provide the OSD with fully integrated financial reporting integrating with the General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets, Investment Tracking, and other applications through customized integration programming. The OSD will implement their policy or procedure control values within Dynamics GP to control each module. We will need to create appropriate General Ledger accounts to include additional data that will be captured, such as claim reserves. We plan to change the accounting method to an accrual basis.

Objectives

1. Implement Microsoft Dynamics GP Edition
2. Develop integration data repository and programs for the following areas:
   a. General Ledger
      i. Timesheet application
      ii. ADP Payroll
      iii. Investment Portfolio Manager software
      iv. Cost Allocation
   b. Accounts Receivables
      i. Reinsurance
      ii. Collections
      iii. Subrogation
   c. Accounts Payable
      i. Legacy Claims system.
      ii. Legacy Early Access system
3. Implement usage of digital signatures for workflow approvals throughout Dynamics GP.
4. Implement laser check processing
5. Integrate Cash Management and auditing processes
6. Integrate Claims Systems processing
   a. Distributions
   b. Early Access
   c. UDS information
7. Integrate bank data communications
8. Integrate Investment Portfolio Manager data communications
9. Load all historical data into appropriate database tables
10. Full parallel test before going live
11. User training
12. Administrator training
13. Key personnel knowledge transfer

Project 1 - Integrated Financial System

General Ledger:

The OSD's General Ledger is integrated with the in-house Accounts Payable and Cost Allocation systems. Most of the functions require duplicate entry and abundant manual labor. Our project goals are to implement Microsoft Dynamics GP, which will be packaged with Purchase Order Management, Accounts Payable, Accounts Receivable, Fixed Assets, Cash Management and a Cost Allocation system module or develop a customized Cost Allocation program to be integrated with Dynamics GP, to eliminate our dual entry and capitalize on the utilities Dynamics GP has to offer.

The OSD maintains accounting books for the OSD and each company in receivership. Accounts Receivable, Fixed Assets, and Investment transactions are recorded manually through batched journal vouchers directly to each company's ledger. The operating invoices processed through our Accounts Payable system are posted automatically from our legacy AS/400 payables system, while others, such as claim reserve adjustments and reinsurance receivable adjustments are posted through batched journal vouchers.

Project code tracking is used predominantly in timesheets, but is also used minimally throughout the OSD financial systems. This needs to be addressed with Project 8 - Simplified Time Entry System and Project 9 - Estate Management.

The Cash Database, written in MS Access and VBA, provides the Accounting Department the processes necessary to load bank balances, produce bank cash transfer letters requesting cash transfers between the receivership company's bank account and the OSD operating bank account to reimburse the OSD for the checks processed each week. It also provides batch and vouchers number generation control for every type of journal entry, outside of weekly accounts payable, and provides transaction approval routing forms.

Our goal is to have the workflow processes automated through Dynamics GP. We want the ability to use laser checks and digital signatures for approvals of transactions and capture the information through Dynamics GP auditing capabilities. A customized integration module is required to update the General Ledger with the legacy Claims Processing system reserve adjustments. The payroll journal entries will be applied to the General Ledger through an integration link with ADP. The receivership company investments will be applied to the General Ledger through an integration link with OSD 3rd party portfolio manager system.

Project 1 - Integrated Financial System

Cost Allocation:

The OSD's current Cost Allocation system is designed to arrive at an equitable breakdown of indirect expenses such as wages, rent, and miscellaneous administrative expenses to be charged to the estates under receivership. Weekly, on Friday, the OSD expends funds on behalf of the estates prior to reimbursement. It is vital that the cash transfers from the estates occur every Monday. Biweekly, the OSD's gross wages are broken down into five assigned levels based on actual hourly rates. The gross wages are then divided by employees' totals hours less the OSD administrative hours for each level to derive an average hourly rate to which indirect expenses are similarly applied to compute loaded hourly rates for each level. The receivership companies are then charged through journal entries for their portion of the OSD administrative costs, and the OSD is reimbursed through offsetting journal entries and cash transfers. For instance, if one eighth of the time charged to all of the estates is charged to company A, then company A pays one eighth of the indirect expenses.

The weekly Cost Allocation process covers a four week time reporting period to lessen the affect of any large procurement. The current Cost Allocation system is automated, with the exception of accepting gross wages by level. Those numbers are manually computed by the Human Resources Department and entered into the Cost Allocation system by the Accounting Department. Special allocation methods are applied when associating an expense to hours worked would not be equitable. The expense may be allocated based on the relative asset size of the estate or based on a full years worth of time accounting data to more appropriately smooth the affect of the procurement.

Our project goals are to automate this biweekly data exchange with ADP gross wage reporting, hours reported on weekly timesheets, and the Dynamics GP General Ledger system. This will be handled with either a newly developed Cost Allocation system or an existing module in Dynamics GP.

Purchase Orders:

The OSD requires POs for all purchases greater then $50.00. We also approve blanket purchase orders for terms of up to five years. Regular and blanket purchase orders are referenced in the current Accounts Payable system. Blanket purchase orders expire when the allotted dollars run out or 60 days past the PO expiration date. Purchase orders are printed off the AS/400 on multi-part forms and kept in our procurement files and copies are attached to the copies of the check.

Our project goal is to utilize the purchasing module within Dynamics GP to produce POs on a laser printer and process the workflow automation for approvals.

Project 1 - Integrated Financial System

Accounts Payable:

The OSD has three categories of invoices: Regular, Expense, and Petition. All invoices are paid from the OSD operating bank account. The invoice distribution to receivership companies occurs using accounts in the OSD's General Ledger chart of accounts; the last four positions of the account number contain the company number. The programs produce General Ledger distribution journal entries to the appropriate Receivership Company as well as the OSD transaction reporting the invoice payment and distribution. Invoice approval routing lists are assigned, and a form is printed and forwarded to each approver on the list for written approval prior to payment. Weekly checks are printed on the AS/400 and cash transfers between bank accounts occur using the Cash Database. The check information is sent to the bank using the bank's secure website link.

Our goal is to implement workflow management, digital signatures, laser checks, and automate the bank transfer request utilizing the Dynamics GP Accounts Payable module. A customized integration module will be needed for the legacy Claims Processing system to pay approved distributions. A similar module will be needed for the Legacy Early Access system to pay approved payments to the guarantee funds. This is also referenced in Project 6 - Enhance the OSD Claim System.

Cash Management:

The Cash Database, written in MS Access and VBA, is used for Cash Management and audit control measures. Daily, the cash balances of each bank account are made available to appropriate staff. The anticipated weekly expenses are deducted, and the cash available for investment is reported to the portfolio managers so they can decide which investment is best for the available cash.

Our goal is to implement the Dynamics GP Cash Management module to better manage cash between multiple bank accounts and a 3rd party portfolio manager, see the Investment Accounting section below, for each receivership company under the OSD's administration. Primary requirements will include:
- tracking of deposits, wire transfers, checks written and reported to the bank through positive pay and bank reconciliations
- daily status of invested cash
- daily status of operating cash
- being able to electronically communicate with the cash custodians regarding cash flow transactions

Project 1 - Integrated Financial System

Investment Accounting:

The cash available for investment for each company in receivership is reviewed each day. Investment purchases are done in blocks of receivership estate money. The particular investment is determined by the CFO and made through the bank. The trade ticket information is reported to the Accounting Department and tracked in Excel spreadsheets. The journal entries are first entered in the Cash Database for batch and voucher assignment, reviewed and approved, and then entered again into the legacy AS/400 General Ledger system.

Our goal is to use a 3rd party investment portfolio management system for tracking receivership companies' investments. We will need to customize reporting to the Cash Management and the General Ledger systems.

Accounts Receivable:

Currently, the OSD manages numerous MS Access databases, Excel spreadsheets, and Legacy AS/400 programs to track the receivership companies' receivables. The OSD tracks reinsurance recoverables, premium receivables, unearned commission receivables, subrogation recoverables, and payments on those receivables. All entries to each receivable tracking solution and to the General Ledger are manual.

Our goal is to centralize the Accounts Receivable tracking in the Dynamics AR module. Integration with other systems will be required, as some of the processing is being done in MS Access and not easily converted without programming.

Fixed Assets:

The OSD Furniture and Equipment system is a legacy location tracking system that is not capable of receiving scanned bar code information. The information is either manually entered, or updated through a manual data load from the bar code scanner and imported into the system. It does not depreciate assets nor does it integrate with the General Ledger.

Our goal is to electronically track our assets directly with the bar code scanner, calculate depreciation, retirements, and gain/loss, and report the transactions to the General Ledger through use of the Microsoft Dynamics GP Fixed Asset module.

Project 1 - Integrated Financial System

ADP Payroll:

Payroll deductions and transactions are handled biweekly with manually generated reports of gross payroll, payroll by employee level, tuition reimbursement, and bonds, reported from the HR staff to the Accounting staff. The summary information is manually entered in the Cash Database for batch and voucher generation and separately into the legacy AS/400 General Ledger.

Our goal is to develop an integration point with ADP payroll directly to the Dynamics GP General Ledger and the customized Cost Allocation systems.

Tenrox Timesheet:

Timesheet data is used in the Cost Allocation system to calculate time charges to receivership companies and administrative charges to the OSD. Currently, the Tenrox weekly time records are integrated through SQL scripts that convert, assign other data values from the HR system and transfer the data to the AS/400 to be utilized in Cost Allocation.

Our goal is to change the integration point from the Legacy AS/400 Cost Allocation system to the newly implemented customized Cost Allocation system or a module in Dynamics GP. Refer to Project 8 - Simplified Time Entry System and Project 9 - Estate Management for additional requirements.

Ad hoc reporting and miscellaneous data:

We provide data extracts for ad hoc reporting in MS Access and Excel. We also supply data to the Legacy AS/400 systems.

Our goal is to simplify this service and have the employees be able to handle the requests on their own, with IT producing only the more complicated extracts. These requirements should be addressed in Project 7 - Data Warehouse.

Project 1 - Integrated Financial System

Claims System Processing - Distributions:

Currently we produce check information for claim payments through the distribution process on the AS/400. The process creates batch files that are used to create checks, which are printed either in-house or through the bank. Either way, a file is sent to the bank for verification purposes. The check information is updated on the Liquidator system. Spreadsheet files are created that are used internally to update the current G/L system.

Our goal is to have a method that will communicate information between the A/P system and the Liquidator system. Items sent to A/P would include information to issue, re-issue, or escheat claim checks. Information returned would include wire transfer and date issued, check number, and date issued, date when check was cashed or date when check was voided. This also needs to be addressed in Project 6 - Enhance the OSD's Claim System.

Claims System Processing – UDS and Early Access:

Our goal is to incorporate the information received through UDS and Early Access to be passed on to the G/L module. We will need to identify and create the appropriate accounts in the G/L. This process is described in Project 6 - Enhance the OSD's Claim System.

Project 2 - Establish Future State IT

Goal and Objectives

The goal of the 'future state' project is to prepare the OSD's IT Department staff, processes, tools, and structure to make best use of the improvements resulting from the Program.

Objectives include introducing and improving processes including project requests, prioritizing, budgets, and approvals, systems development life cycle (SDLC) methodologies, incident management, source code control, and quality assurance/control. The project should establish and improve program and project management, governance and decision-making, and change management. Software development and project management tools will include Microsoft Project, SharePoint, and Visual Studio.

Organizational objectives involve establishing new IT Department roles and responsibilities, transitional staffing plans, and hiring plans to meet the OSD's business needs. IT training requires short term and longer range planning, budgeting, initiation, coordination, as well as on-going reassessment and refinement.

Tools that we currently use:

The OSD develops and maintains RPG 4 applications on an AS/400 system. We use Aldon Change Management System (ACMS) for source code and version control. We create MS Access databases using VBA. This does not have an automated approach to change management; the developers must maintain changes manually.

We have one SQL server; current systems using it are the HR and time sheet applications, inquiry only MS Access databases, and a recently added Blackberry Management Server.

The OSD has a help desk database originally designed for incident management and programming requests. It is not flexible enough for all of our needs; we use it in a limited form for tracking programming enhancements. OSD developers and network administrators use UltraEdit for editing larger text files, TreeSize for reviewing space utilization, FileZilla for FTP connections, and Magic File Renamer for mass changes.

Future needs:

We plan to update our IT operating environment and acquire new products and tools to handle our needs as listed below.

1. Implement a new development and programming environment that includes MS Visual Studio 2008, Team Foundation Server or Aldon Life Cycle Manager, and systems development life cycle (SDLC) methodologies.

2. Implement an incident management tool and related processes.

Project 2 - Establish Future State IT

3. Implement project management tools and processes for requesting projects, approving projects and assigning resources. A solution could include Microsoft Project.

4. Setup and employ a SharePoint server or a similar solution, for managing and sharing documents.

5. Setup and enhance an Internet Information Server (IIS) as a Web and application server. Currently, we have time accounting and HR packages installed that use IIS. These servers are not setup for development purposes.

6. Plan the quantity, virtualization, and grouping of SQL and other servers in conjunction with Project 1 – Integrated Financial System, Project 3 – Network Upgrade, and Project 7 - Data Warehouse to support production, test, and development environments.

7. Determine developer and DBA tools required for use with SQL Server.

8. Recommend productivity enhancing software for IT Department PCs. That could include a screen capture utility, a PDF creator, and folder and file comparison utilities. This should be addressed in conjunction with Project 5 - Desktop Environment.

9. Recommend tools and procedures for estate takeovers, including laptops, remote connectivity, and possible use of an FTP site for transmitting large amounts of data. This should be addressed in conjunction with Project 3 – Network Upgrade, Project 5 – Desktop Environment, and Project 9 - Estate Management.

10. Training and transition initiatives should be addressed for IT Department and other OSD employees. Training plans should cover all types of development, networking, virtualization, and application software.

11. Assist the OSD in determining optimal structures and staffing for the IT Department during the Program's transition period and for the post improvement environment. That would include roles, responsibilities, skills, cross training, departmental and team structures, plus staffing requirements for current and future business needs.

Training is initially required in the following areas:

1. MS Dynamics GP (new accounting system)
2. Visual Studio (software development)
3. VMware (server virtualization)
4. SAN (Storage Area Network – data storage virtualization)

Project 2 - Establish Future State IT

    5. SQL Server (database services)
    6. MOSS/SharePoint (document sharing and management)
    7. Cisco routing and switching (IT infrastructure)
    8. ITIL (IT Information Library)
    9. MS Project (project/program management)

New and upgraded software for the IT future state:

1. Microsoft Dynamics GP
2. Internet Information Server (IIS)
3. Microsoft Office SharePoint Server (MOSS)
4. Citrix XenApp
5. Visual Studio 2008
6. Microsoft Team Foundation Server
7. Aldon Life Cycle Manager
8. Microsoft Office Professional 2007/2010
9. SQL Server 2008
10. VMware ESX
11. Microsoft Project 2007
12. Backup Exec
13. Windows 7 and IE 8
14. Microsoft Windows 2003/2008

Project 3 - Network Upgrade

This overview describes the project objectives, the existing network, and planned improvements. We intend to establish a network infrastructure that is efficient, secure, maintainable, scalable, and cost effective. The OSD will consider leasing, purchasing, and hosting options for hardware, software, and services. This project includes the network backbone, switches, cabling, servers, applications, operating systems, software utilities, Citrix farm, software licensing, server virtualization, storage virtualization, data migration from direct attached storage to a SAN. It also includes network backup hardware, software, and procedures exclusive of AS/400 backups that are part of Project 4 - AS/400 Upgrade.

We plan to upgrade our existing Ethernet backbone of switches and hubs that are more than ten years old. The server room now holds a Dell Power Connect 2124 24-port switch, a 3COM 4200G 48-port switch, nine Bay Stack model 255 24-port hubs, one 3COM Link Builder FMS II 24-port hub, and two Metrobility Media Converters connecting fiber between north and south office spaces. The south wiring closet holds a Bay Networks 10/100 24-port switch and two Metrobility media converters.

Recommended replacements include Cisco Catalyst 4500 series management module and switches or HP ProCurve switches. We intended to remove all hubs and move to a fully switched network. When the OSD relinquishes some office space later in 2009, we will reconfigure the north side of our office to accommodate the relocation of employees and computer equipment.

The OSD will redeploy, replace, or eliminate Uninterruptible Power Supplies (UPS) purchased ten years ago. Consideration should be give to reusing four recently purchased units where possible and practical. The older UPS units may temporarily remain in place during parallel testing and during other IT improvement projects.

Existing UPS hardware includes four rack mounted HP R3000 XR units with redundant power supplies and power-distribution management modules plus two ten-year old APC 3000 rack mounted UPS units. Also included is a 16 kVA APC Symmetra Power Array that was installed more than ten years ago to support the AS/400, peripheral devices, and some of the electrical outlets in the computer room.

Our Internet connection uses a Cisco 1841 router and Verizon T-1 line that are bundled with our Verizon communication services. The service contract includes flexibility that would allow changes to faster, business Ethernet services to meet future business needs.

The OSD intends to move to a fully or partially virtualized server environment using the VMware platform. Proposals should include working with our IT Department to plan, design, acquire, install, configure, secure, and test physical and virtual servers for this network upgrade to support production, development, and other projects in the Program.

Project 3 - Network Upgrade

This project includes printers, training, backup systems, software licensing, OS and application patching, server hardening, internal and perimeter security, and server based applications. We plan to continue using a Microsoft and Citrix based platform. We now use Citrix Presentation Server 4.0 running on a seven-server farm. Proposals should address upgrading to Citrix XenApp and moving the farm to virtual servers on a smaller number of physical servers.

The upgraded computer room could include new and potentially redeployed newer hardware. Some special purpose, functional servers run on desktop PCs; where practical, they should move to the new server environment. Network printers and IPDS print devices require replacement and must work with Citrix.

The OSD's existing servers are summarized in the following list.
- (7) Citrix servers - HP Proliant DL360 G4p, Windows 2003
- Citrix licensing - HP Proliant DL 360 G4p, Windows 2003, WSUS
- Citrix Secure Gateway - HP Proliant DL 360 G5 Server, Windows 2008
- ADP Server – Dell Power Edge 1750, Windows 2003 – dedicated server
- InterWoven document management - Proliant ML370 G2, Windows 2000
  - Attached HP Storage Works external drive array
- Active Directory server – HP Proliant DL360 G5, Windows 2008
- HRMS server - HP Proliant DL380 G4, Windows 2003 R2
- Tenrox server - HP Proliant DL380 G4, Windows 2003 R2
- Firewall server – HP Proliant DL360 G5, new as of May 2009 – remain as is
- Exchange 2007 - HP Proliant DL380 G5, Windows 2008
- SQL Server 2005 - HP Proliant DL380 G4, Windows 2003
- Backup server - HP Proliant DL 360 G4, Windows 2003 – Backup Exec
  - Overland NeoWare dual deck SDLT tape drive
- SMTP server – HP Proliant DL360 G4, Windows 2003
- Print server – HP Proliant DL360 G5, Windows 2003
- File server - HP Proliant DL380 G4, Windows 2003
  - Two attached Compaq drive arrays

The OSD uses four HP DC7100 (XP SP3) desktop computers as servers for specific applications. They include ADP Test, Tenrox Test, Kaspersky, Windows 2003 Active Directory server needed for proxy authentication to work with our firewall, and the BlackBerry Enterprise Server (BES 5.0) which requires SQL 2005. Where feasible and practical, these server applications should be migrated to the new physical/virtual server environment.

Software - Current State
- Windows Server 2000, 2003, 2003 R2, 2008
- Citrix Presentation Server 4.0
- Microsoft Office 2003 installed on the Citrix servers, IT Department PCs, HR Department PCs, and laptop PCs
- Exchange 2007 Standard

Project 3 - Network Upgrade

- Interwoven Desk Suite 8.1
- Internet Explorer 6.0 & 7.0
- ADP (PC Payroll 5.0)
- Tenrox (addressed in Project 8 - Simplified Time Entry System)
- HRMS
- SQL 2005 (addressed in Project 2 – Establish Future State IT)
- Kaspersky Internet Suite v2009
- Active Directory 2008
- Backup Exec 10
- Others (firewall, anti spam (ASSP), Alchemy, and InfoUSA)

New and Upgraded Software:
- Windows 2008 on all servers and one copy of Windows 2003 for AD 2003 firewall proxy authentication
- VMware VSphere
- Citrix XenApp
- Microsoft Office Professional 2007 or 2010
- ADP (PC Payroll 6.0)
- SQL Server 2008 (BES 5.0 requires SQL 2005)
- Backup Exec or other backup solution that will integrate all our backups into one easy to manage system (including but not limited to virtual and dedicated servers, virtual and direct attached storage, and iSeries).
- Microsoft Project (reference Project 2 – Establish Future State IT)
- Microsoft SharePoint (reference Project 2 – Establish Future State IT)
- Visual Studio and Visual Studio Team Server (reference Project 2 – Establish Future State IT)
- Change Management (reference projects 2 & 4)
- SAN management
- Other new or updated software (reference projects 1, 2, 4, 5, 8, and 9)
- The OSD may consider upgrading Interwoven, firewall software, Exchange Server, and/or Kaspersky Internet Suite

We intend to implement a SAN environment to replace our direct attached storage. The OSD currently uses two direct attached storage arrays for departmental and user folders on our file server. A third direct attached storage array, used exclusively by the IT Department, is connected to our document management server. All data residing on the network must be migrated and properly secured in the new storage environment.

Secure deletion/wiping of all decommissioned hard disks is required. Old equipment of no resale value must be removed for proper disposal. The Merchandise Mart's electricians will handle any required electrical service changes.

Project 4 - AS/400 Upgrade

The Office of the Special Deputy seeks to cost effectively replace two AS/400 servers with a single, refurbished, rack mounted iSeries server including maintenance and support. We will consider purchasing, leasing, and/or external hosting of hardware, software, and services. If the replacement will be located at the OSD, the contracted firm will work with our IBM partner (Meridian IT) to install, configure, and test the server and associated equipment. This project includes planning and implementing application and data migrations, upgrading the AS/400 backup system, and implementing a solution to replace the external IPDS print servers. Planning and scheduling of tasks for the AS/400 upgrade should be done in concert with the other projects in this IT improvement program.

The existing systems consist of a model 620 production server with the V5R2M0 operating system and a model S10 test/development server with the same OS. Limited hardware support is supplied through Service Express, and legacy software support was contracted and resold through Meridian IT. Rack configurations for current servers and a network diagram will be provided.

The computer room holds five mux units, one controller, and two modems. The south wiring closet has five muxes. These components should be tested and replaced as necessary on a short-term interim basis. The future need for a controller and mux units should be determined in this project. Later in 2009, the OSD will relinquish some office space and relocate all employees and computers to the north side of the current office area. We will eliminate equipment housed in the south wiring closet during the consolidation.

The OSD will reconfigure the north side of the office to accommodate the relocation. Client Access will be installed during the parallel Project 5 - Desktop Environment and Project 3 – Network Upgrade. We plan to upgrade or replace the existing 16kVA APC Symmetra UPS that protects the AS/400s and peripherals as part of Project 3 - Network Upgrade.

The AS/400 upgrade if done in the OSD's office would tentatively consist of installing a refurbished, discontinued iSeries model 0520-0902 or similar model with IBM maintenance and support. That newer server would need two LPAR partitions to handle both the production and test environments.

The OSD plans to replace the current tape backup unit with a newer, faster, higher capacity drive and tape technology such as the LTO (Linear Tape-Open) format. The present AS/400 backup system consists of a dual Magstar 5270 tape backup unit with autoloader (model number 9348-001 & 3570-C12). The OSD also requires a solution for future restorations of data and applications from archived tapes created on our old backup system.

The OSD has two line printers (models 6400-i20 and 6400-009) connected to the network for use with the AS/400 servers. We use these units to print checks and multi-page forms such as Proof of Claim. OSD may choose to produce laser printer

Project 4 - AS/400 Upgrade

checks in lieu of multi-part tracker feed checks. See Project 1 - Integrated Financial System.

The OSD uses Aldon Change Management software for RPG program version control on the AS/400s. That change management application must be installed/restored and tested on the replacement iSeries. All in-house code, third party applications, and data must be restored and thoroughly tested. Significant changes between current operating system version (V5R2M0) and the operating system version to be installed on the iSeries model 0520-0902 must be reviewed with the OSD's IT Department developers at the start of this project.

We currently use 15 external LinkCom i-data units to support IPDS to PCL printing. A new hardware or software solution with equivalent functionality, Citrix compatibility, and tested performance is required.

Secure deletion/wiping of all decommissioned disks is required. Old equipment of no resale value must be removed for proper disposal. Primary and backup, electrical power are addressed in Project 3 - Network Upgrade; the Merchandise Mart's electricians will handle any required electrical service changes.

Project 5 – Desktop Environment

The OSD seeks to cost effectively replace approximately 100 desktop computers consisting of thin client devices and Compaq/HP PCs with HP dc7900 or similar desktops and HP Thin Client units capable of two-display support. We will consider purchasing and/or leasing hardware and software. This project includes planning and implementing desktop deployment and installing local applications. Planning and scheduling of tasks for the Desktop Upgrade should be done in concert with the other projects in this IT improvement program.

Locally installed applications and personal printers will be addressed during this upgrade. Network printers are part of Project 3 – Network Upgrade, and AS/400/iSeries line printers are addressed in Project 4 – AS/400 Upgrade.

The OSD currently has 53 thin client devices (model NCD 200), 25 HP model dc7100 PCs, 26 Compaq model P450 PCs, and six other Compaq Deskpro models in use. Recommended hardware includes PCs similar to the HP Compaq dc7900 with two-display capabilities and HP Compaq thin client devices that support two displays. We will consider units with Linux or Windows Mobile operating systems.

The OSD uses mostly Optiquest 15 and 17" desktop monitors and Compaq 17 inch monitors. All monitors should be replaced with wide screen or 4:3 aspect ratio, LCD displays. Some PCs and thin client devices will require two displays. Additional displays are required for those systems. In addition to desktop displays, the OSD needs three displays connected to KVM switches in the computer room.

Most employees use MS Office Professional 2003 programs on the Citrix servers. Local installations of MS Office, on the OSD's laptop, IT Department, and HR Department computers, should be upgraded in conjunction with the upgrade on the Citrix servers (Project 3 – Network Upgrade.) Other locally installed software on specific systems includes accounting/banking, tax forms, IT utilities, development software, HR/timesheet, Visio, MS Project 97, MS Front Page 2003, and Kaspersky Anti-Virus. To expedite the rollout of desktops, we require desktop imaging software such as Symantec Ghost or a virtual desktop infrastructure solution. Other projects may address additional software that will require local PC installs as indicated in projects 1, 2, 3, 4, 7, 8, and 9.

The OSD has personal printers located in offices and cubicles; some of these printers should be eliminated, replaced, or reallocated.

Secure deletion/wiping of all decommissioned hard disks is required. Old equipment of no resale value must be removed for proper disposal.

Project 6 - Enhance the OSD's Claim System

Description of Services

The OSD seeks the services of a qualified vendor to, working in parallel with the responsible OSD IT Department member, manage, design, develop, and implement enhancements to the Liquidator system, the OSD's claim processing system. In addition, provide post-implementation support, technical, and user training. The ideal candidate will have extensive development background with the IBM iSeries and Microsoft products (Access, Visual Studio, SharePoint WSS & MOSS, and SQL Server). Expertise in dealing with VB.NET connections to the iSeries is a must.

System Background

The Liquidator System is a custom written application, originally developed in the 1980's in an AS/400 midrange environment, to manage and track claim-processing activities for companies in conservation, liquidation, and rehabilitation, in accordance with the Illinois Insurance Code. The programs, written in RPG/400 and RPG/ILE (RPG IV), have been enhanced or re-written to varying degrees, and include modules for proof of claim submission, claim review, salvage and subrogation, return premium, adjudication, distribution of assets, and early access distributions to Guaranty Funds / Associations. The OSD uses the National Association of Insurance Commissioner's (NAIC) Uniform Data Standard (UDS) for exchanging data with the states' Guaranty Funds for property and casualty claims. The Liquidator is compatible with version 1.0 of UDS. There is no standard for exchanging data with the states' Guaranty Associations for life, health, and HMO claims.

Estate specific Claim and Policy Inquiry databases have been created within MS/Access, containing historical data converted from the original computer systems in use by each estate, prior to takeover. These databases are not integrated with the Liquidator.

Ad-hoc downloads are performed periodically from the AS/400, which capture claim data from the Liquidator. The data is imported into estate specific ceded reinsurance databases, within MS/Access. This multi-step process is typically run monthly, as a prelude to adjudication noticing, for each estate having reinsurance coverage. As needed, one-time data transfers are also extracted from the Claim Inquiry databases, capturing the estates' historical claim payments for import into the reinsurance databases.

The Program includes upgrading the AS/400 to a refurbished IBM iSeries 520-0902 in the near future (refer to Project 4 - AS/400 Upgrade).

Project 6 - Enhance the OSD's Claim System

System Requirements

The key objectives for this project are:

1. Develop a web-based claims portal for seamless end-user accessibility to various multi-platform applications related to claim processing.

2. Encrypt data as required, and provide restrictive access to sensitive information (e.g. social security numbers) on screens, reports, and exports.

3. Enhance the adjudication process.

   a. Revise the claim selection process for court exhibits. Allow user selection and consolidation of claims having multiple notice dates.

   b. Allow user selection of court exhibits for export to Excel, to ultimately be provided to the Legal Department and embedded within court petitions.

   c. Provide an option to print a court exhibit with font size variation. We have one version of the court exhibit that prints an AS/400 standard 8 ½ X 11 landscape, 15cpi report. Another version, sometimes required by the court, requires a special request to the IT department to create an ad-hoc pass-thru query to an MS/Access database, which then prints a customized 8 ½ x 11 portrait, 'large font' report.

4. Create an interface between the Liquidator System and ClaimNet, an Internet based application sponsored by the NAIC, to allow proof-of-claim submission by claimants as well as claim inquiry requests.

5. Upgrade the Uniform Data Standard (UDS) interface module from version 1.0 to compliance with version 2.2.

6. Revise or replace the existing ETL solution, for more efficient and effective data conversions from new receiverships to the Liquidator database. The new solution would allow us to convert all claim activity, including claim reserves, payments, and notes.

   Our current solution involves the extraction of data, via export tools or custom programs, from the receiverships' application into intermediate files having the lowest common denominator (e.g. Excel, MS/Access). The intermediate files are transferred to the OSD's network and uploaded to our AS/400 using Client Access. Custom programs are written to convert the data into pre-defined tables on the AS/400. A data cleansing process takes place, after which, pre-defined programs are run to populate the Liquidator database.

Project 6 - Enhance the OSD's Claim System

7. Implement various changes to the Liquidator database design, to allow for easier retrieval of performance data and ad-hoc reporting for the data warehouse (refer to Project 7 – Data Warehouse).

8. Develop an integrated solution between the Liquidator and other application systems within the OSD, to maximize efficiency and accuracy. While not necessarily all encompassing, the following integration points have been identified thus far:

   a. Provide periodic (monthly or quarterly) extracts of claim liability data to the Financial Application (refer to Project 1 – Integrated Financial System).

   b. Provide daily extracts of performance data to the Data Warehouse for dashboards and scorecards (refer to Project 7 – Data Warehouse).

   c. Provide quarterly extracts for NAIC GRID reporting (National Association of Insurance Commissioners – Global Receivership Information Database) to the Data Warehouse (refer to Project 7 – Data Warehouse). This includes summary reporting of policy related claim liabilities and distribution of assets.

   d. Provide real time integration with the Records Control System to track the physical claim file location.

   e. Provide bi-directional exchange of claim distribution data between the Liquidator and Accounts Payable System (A/P). Consider using the new A/P system to generate claim distribution checks.

      - To A/P - issue claim check
      - To A/P - escheat in lieu of check issue
      - To LIQ - check # and date of check issued by A/P
      - To LIQ - wire transfer # and date issued by Acctg. Dept.
      - To LIQ - cashed checks

   f. Eliminate duplication of claim entry into Claim and Records Control systems (R/C), by sending newly added claim data from the Liquidator to R/C.

9. Develop a series of cross-departmental work queues to manage activities related to claim processing. Common attributes of each work queue will allow the user to sort, filter, print, update, and export selected claim records.

Project 6 - Enhance the OSD's Claim System

a. Create a work queue to be used by the Claim Services Department to manage the proof-of-claim process.

b. Create a work queue to be used by the Claims and Claim Services departments to manage and process the requests for claim folder check-out, and assign to claims examiner.

c. Create a work queue to be used by Claims Supervisors and Examiners to manage and process claims to be reviewed.

d. Create a work queue to be used by the Claims Department to manage the quality control process for reviewed claims.

e. Create a work queue to be used by the Claims and Reinsurance departments to manage claims, with respect to reinsurance coverage.

f. Create a work queue to be used by the Claims and Legal departments to manage the objection process.

g. Create a work queue to be used by the Claims and Accounting departments to manage miscellaneous claim check activities.

- Checks to be voided and reissued
- Checks to be voided and escheated
- Return-to-sender checks for payees to be located
- Uncashed checks for payees to be located

10. Additional requirements for Liquidator enhancements may be identified as a result of the review and analysis of business processes completed for Project 9 - Estate Management.

11. Re-write the Early Access module to capture data from the Financial Information Questionnaires (FIQs) that are submitted to the OSD on a quarterly basis from the Guaranty Funds / Associations.

a. Design the data entry screens to be compatible with the paper-based FIQ submissions from the Guaranty Funds and Associations (G/Fs).

b. Create a UDS import interface, to alternately accept electronic FIQ submissions (UDS format d) from the G/Fs.

c. Create a user friendly module for transfer of data to and from MS/Excel, to allow customized methods for determining the early access distribution amounts.

Project 6 - Enhance the OSD's Claim System

d. Interface with the Accounts Payable module to issue checks for early access distributions and provide payment information back to the Early Access module. (refer to Project 1 – Integrated Financial System).

e. Interface with the Liquidator's UDS import module to obtain claim transactions (UDS format c) for reconciliation with claim liability amounts reported on the FIQs.

f. Interface with the General Ledger to provide claim liabilities as reported by the Guaranty Fund / Associations.

Project 7 - Data Warehouse

Description of Services

Develop, implement, test, and provide training for a data warehouse that would be used by business intelligence applications to create and update dashboards, scorecards and pre-defined reports.

Project Scope and Requirements

OSD found that its traditional information systems do not always provide a clear picture of the information it needs to support strategic decisions and operational improvements. Information is often obtained from numerous reports and consolidated manually via Excel spreadsheets. The process is tedious, time-consuming, and at times, produces unreliable results. Our objective is to build an integrated data warehouse, which is utilized by various levels of end-users, to make the data more accessible and accurate, to provide ad-hoc queries and reporting, and to provide analysis capabilities to decision makers for strategic planning.

The data warehouse will be introduced in phases starting with Claims and Reinsurance. The next phase would yield improved financial analysis and reporting, and the final phase would incorporate data from other systems such as Time-entry and HR. The high level requirements for this project are:

1. Data Warehouse: Perform all services for software configuration and development associated with the design, architecture and implementation of a comprehensive and integrated data warehouse.

2. Extraction, Transformation and Loading Tool (ETL): Develop and implement an ETL solution, to move data from various data sources (SQL Server, the iSeries, etc.) to the data warehouse.

3. Decision Support System: Work with key personnel at OSD to develop a corporate, estate, and departmental, activities-based costing model to monitor time, cost, and production. Create, install and integrate a collection of dashboards and scorecards, with drill-down capabilities, for end-user analysis.

4. Reporting: The Solution must provide standard and ad-hoc extract capabilities to meet internal business needs, as well as external reporting required by the guaranty funds and associations, the National Association of Insurance Commissioners, (NAIC) the Illinois Department of Insurance (IDOI), and other governmental agencies.

5. Training: Provide documentation and training for various levels of end-users. Work closely with IT Department staff to provide technical documentation, training, and knowledge transfer to support, maintain, and expand the implementation.

Project 7 - Data Warehouse

6. Scalability: The solution will include full and scalable development, test, and production environments. Expansion will include new receiverships, data items, years of data, end-user access, and functionality. As receiverships are closed, data will need to be purged from the data warehouse.

7. Security: The solution must prohibit the disclosure of personally identifiable information (e.g. social security numbers) to any unauthorized person, and ensure against any unauthorized disclosure, transfer, modification, or destruction of data. Access to information will be secured by user groups.

8. Backup/Restore Strategy: Work with key OSD personnel to develop a backup strategy for the data warehouse that takes into consideration various parameters such as backup resources, data volume, differential and full backups, static and dynamic data, and backup/recovery time objectives, to make the backup and restore processes as efficient and effective as possible.

Project Phases

A phased approach has the advantage of minimal business disruption and earlier benefits and will also allow an easier transition into OSD's new business model. IT Department staff will learn what is needed to support the data warehouse during the first phase and will be able to contribute to the development of subsequent phases.

Phase 1 – Claims / Claim Services: Our starting point begins with a review of an existing dashboard model that currently resides within Excel. There are several data source groups needed for the data warehouse.

    a. The iSeries claim processing application, called the Liquidator, contains post-receivership claim reserve and payment data related to property & casualty guaranty funds, and the OSD. This application will be enhanced. (refer to Project 6 – Enhance the OSD's Claim System)

    b. Microsoft Dynamics GP is the financial application we intend to use to replace the existing general ledger system that currently resides on the AS/400. (refer to Project 1 – Integrated Financial System)

    c. Time Entry and Human Resource application data will be needed for performance and productivity measurements. The existing Time Entry and HR applications will be enhanced or replaced. (refer to Project 8 – Simplified Time Entry System)

Phase 2 – Ceded Reinsurance: Data for the ceded reinsurance process is for analytic reporting and analysis of Accounts Receivable data, in addition to

Project 7 - Data Warehouse

performance and productivity measurements. There are several data source groups:

    a. MS/Access database applications for ceded reinsurance noticing and receivables will be converted to VB.Net and SQL Server.

    b. MS/Access claim inquiry database applications contain pre-receivership claim payment data. We have not yet determined where these applications will ultimately reside.

    c. The iSeries claim processing system, called the Liquidator, contains post-receivership claim reserve and payment data related to property & casualty guaranty funds, and the OSD.

    d. External data coming from the Guaranty Associations for life, health, and HMO claim payment data. This data source comes in various shapes and sizes. We have not yet determined where the data will reside, or how it will be consolidated.

    e. Microsoft Dynamics GP is the financial application platform we intend to use.

    f. Time Entry and Human Resource application data will be needed for performance and productivity measurements.

Phase 3 – Financials: Data for analytic reporting of A/P, A/R, Fixed Assets, and G/L, to supplement the Microsoft Dynamics GP financial software.

Phase 4 – Other

Project Dependencies

The following items must be considered and/or completed prior to the start of this project:

1. Procurement and installation of the following Supporting Tools: Windows SharePoint Services (WSS), Microsoft Office SharePoint Server (MOSS), SQL Server 2008, and Visual Studio 2008. (refer to Project 2 – Establish Future State IT and Project 3 – Network Upgrade)

2. Replace the AS/400 model 620 with the iSeries 520-0902 with .Net Data Provider. (refer to Project 4 – AS/400 Upgrade)

3. Complete all work related to Project 9 – Estate Management phase 1, especially the creation of the activity-based dictionary and activity-based performance measures.

Project 7 - Data Warehouse

4. Convert the existing Microsoft Access database applications for ceded reinsurance noticing and receivables from VBA to VB.NET and integrate them on SQL Server.

5. Implement a new or improved time entry system for integration into the data warehouse for performance analysis and pre-defined reporting. (refer to Project 8 – Simplified Time Entry System)

6. Implement a new or improved cost allocation system for integration into the data warehouse for performance analysis and pre-defined reporting. (refer to Project 1 – Integrated Financial System)

7. Implement various enhancements to the existing claim processing system for integration into the data warehouse for dashboards and pre-defined reporting. (refer to Project 6 – Enhance the Claim System)

Project 8 – Simplified Time Entry System

Our goal is to improve or replace the existing Tenrox Timesheet application. The new time coding structure must minimize the employees' effort in developing their timesheet. The results from Project 9 – Estate Management must be taken into consideration for development of the new coding structure. Coordinate the features and functions of the time entry system with improvements planned for the OSD's budgeting and project management processes.

Objectives

1. Simplify how OSD tracks time to companies in receivership and administrative time reporting to OSD
2. Coordinate time entry enhancements with budgeting and project management
3. Improve employee timesheet entry experience with a combination of updates to hardware, software and coding simplification
4. Full parallel test before going live
5. User training
6. Administrator training
7. Key personnel knowledge transfer

OSD's employees are recording time against 18 receivership companies plus the administrative company. There are 59 primary project codes and 800 work type descriptions that can be used against any one of the companies. A timesheet task is created from three components: company selected, project code, and work type yielding over 47,000 possibilities per company. This allows for a higher level of detail for reporting to department managers.

OSD is interested in restructuring the methodology used for tracking projects and estates that would involve how timesheet entry is handled, for additional details refer to Project 2 – Establish Future State IT and Project 9 – Estate Management.

Employees that have detailed timesheets need to scroll through a long list of tasks in order to record time in the appropriate categories; time sheet approvers have similar issues when they review the completed sheets. The entry and approval process is hindered by the older hardware where the current screen size and resolution does not meet the minimum application requirements; the Tenrox requirements are 1024X768 or better. This should be addressed in Project 5 - Desktop Environment.

Customized cross system integration SQL scripts will have to be reviewed and modified based on decisions made regarding the project code reporting structure. New integration programs will be required to communicate with the Cost Allocation system in Project 1 - Integrated Financial System and the BPOMS (BPO Management Services – used in our HR system).

Project 8 – Simplified Time Entry System

There are a few unused features within the Tenrox Application that were not implemented due to environmental limitations and higher priority projects. If the decision is to continue with Tenrox, then an evaluation on these features may benefit the OSD and its future needs. For example, Tenrox offers dashboard reporting capabilities that could be used in conjunction with requirements specified in Project 9 - Estate Management.

Our goal is to provide OSD employees with a more efficient and effective time recording tool by either improving or replacing our current Tenrox Timesheet application. The results need to be integrated with the new financial system and the estate/project management tools.

Project 9 - Estate Management

Estate management

Review all processes and activities for estate management (insurance receiverships). Recommend new best practices to ensure that estates are managed efficiently and effectively.

Project Scope:

The objective of this initiative is to examine each business process and activity, make best practice improvements, and design an integrated activity-based management model that allows OSD to focus on specific areas of activity to identify inefficiencies and potential improvement opportunities. When implemented, the activity-based benchmarks will give OSD the ability to more accurately predict costs and resource requirements. The new management model will provide the structure for other project initiatives (Project Management, Time Entry, Data Warehouse, Dashboards / Scorecards, Cost Allocation and Cost Accounting).

This project is split into two phases. The first phase involves the review, analysis, and documentation of each business process and activity, along with recommendations for improvement. Once the activities are defined, the second phase establishes an activity-based costing model.

Phase 1: Review all existing business processes and activities. Work with key OSD personnel to …

1. Identify, review, and document OSD's current business processes and activities.

2. Identify and document areas for improvement. Recommend new best practices.

3. Create a process/activities dictionary for eventual integration with Project Management, Time Entry, Dashboards and Scorecards, Cost Allocation and Cost Accounting)

4. Define activity-based performance measures.

5. Perform a data quality assessment. Make concrete recommendations for preparing data for specific data projects. Define quality control measures that include an acceptability threshold.
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6. Define work plans for takeovers and on-going estate management.

7. Establish decision criteria to address common business issues such as…
   - How long do we remain on-site during a takeover?
   - What mix of personnel is required for on-site takeover activities?

Project 9 - Estate Management

- When do we hire temps to supplement the staff for on-site / off-site activities?
- Should quality control be done on-site or off-site to ensure correctness of data?
- Should we continue to support and maintain the companies' application systems, or should we convert the data into OSD's application systems?
- When do we hire third party administrators for various business processes?

8. Recommend software tools for activity-based management. (e.g. Microsoft SharePoint, Microsoft Project)

9. Create a project management template for an estate.

Phase 2: Design an activity-based costing model. This model will capture the cost of performing work for a specific activity, to develop a more accurate picture of what is being achieved in relation to what is being spent.