



Amerisure: How Thin Computing Saved \$1 Million in Annual Costs By Boosting IT Performance, Improving Security, and Enhancing Customer Service

Customer:

- Amerisure Mutual Insurance Co., Farmington Hills, Mich.
- 800 employees
- 9 U.S. branch offices and headquarters

Challenges:

- Create a flexible, adaptable and secure infrastructure that allows employees and clients to access Amerisure's systems and data wherever there is a connection to the Internet or intranet.
- Build a new IT department offering to improve levels of customer service
- Streamline and centralize IT resources by better managing cost and complexity in the data center
- Reduce service and support costs in the regional offices

Solution:

- Centralized IT environment using Wyse thin clients connected to centralized application servers running the Citrix® Presentation Server across the entire organization

Results:

- Simplified workstation and remote infrastructure dropping Helpdesk calls by 65%
- Eliminated recurrent three-year PC replacement cycle saving an estimated \$1.3 million with each "skipped" refresh (expected to be 2 to 3 cycles)
- Synchronized and standardized entire workstation software image for better stability and interoperability
- Increased security by eliminating local workstation storage (e.g., c: drive) and by ensuring all data is centrally located where it can be protected and backed up

Challenge: Re-Architecting for Competitive Advantage

When people across the nation are depending on your business for protection, quality of service is imperative.

Amerisure is a leading mutual insurance company specializing in providing businesses worker's compensation policies. Headquartered in Farmington Hills, Mich., Amerisure's roots go back to 1912, when a group of manufacturer's from Michigan joined forces to provide workers' compensation insurance. Today the company is an industry leader focused on specific markets that meet Amerisure's strategic business profile with its 800 employees. Amerisure's nine satellite offices, or Core Service Centers (CSCs), have 10 to 150 employees each and are located in the Midwest and South, with another 350 employees at headquarters. The CSCs are found in major cities such as Chicago, St. Louis, Indianapolis, Memphis, St. Petersburg and Atlanta.

Amerisure prides itself on quality of service, including timely response to inquiries and prompt claims resolution. It works to provide the best service possible through its CSCs and its limited number of hand-picked independent agencies. "We have a very close relationship with our independent agents, most of whom write the majority of their business through us," said Jack Wilson, Enterprise Architect for Information Technology at Amerisure. "Our focus is on quality, not volume."

When Wilson joined the company nearly three years ago, Amerisure's IT department was undergoing a significant change. Several years before, practically the entire team and infrastructure was outsourced to another company to control costs. However, the effort did not yield the expected cost savings nor was it as responsive to the business as management intended. As a result, a decision was reached to bring the entire IT department back in house, re-thinking its structure with a mixture of newly hired former employees (who had been absorbed by the outsource company); key personnel from the outsource company who were brought onboard; and some brand new employees to rebuild the IT department.

As part of the restructuring process, Wilson was brought in as the Enterprise Architect to link up IT strategy with the business strategy. He recruited a team of highly skilled IT professionals to help in both setting a comprehensive virtualization strategy and – in contrast to many high level architecture groups – also conduct proof-of-concept and pilot projects to ensure that the theory would translate into functional "real-world" solutions.

Managing the Transition to Thin Computing

When Jack Wilson first introduced thin computing to Amerisure, he was prepared for some resistance. His experience at other companies led him to expect that at least some employees would complain about the lack of local storage or a CD-ROM drive. But complaints have been few and far between.

"My big concern was the psychological aspect; employees sometimes think you are taking something away from them," Wilson said. What actually happened was the opposite. Most employees prefer the thin clients over the old PC hardware. Many say application performance is just as good, and sometimes better, than the PCs they replaced. And because the Wyse thin clients are physically smaller than PCs, they leave more desktop space with fewer wires and cables to get in the way.

"We also replaced our smaller, older monitors with big and beautiful 19-inch flat panel displays," Wilson said. "That bought us a lot of slack."

A smooth migration helped win over employees. Beginning in March of 2006 and ending in June, the Amerisure Thin Client/Citrix deployment team worked every other weekend to switch each regional office over to the new environment. "We'd start on Friday evening by replacing each PC with a thin client and reserve Sunday for testing. When our people came back to work Monday morning, by 10 am they would be on their own and fully productive."

The Challenge: Unmanaged IT

Amerisure's central business strategy is focused on delivering superior and personal customer service and support. To accomplish this Amerisure deploys a distributed workforce in order to be close to its agents and policyholders.

The company's disparate CSCs and its mobile field workforce of approximately 90 employees interact daily with its agents and policyholders. Employees were tied together internally through Amerisure's systems using PC workstations, notebooks, phones and faxes. The workstation environment was essentially unmanaged. The PC workstations ran the spectrum with no two being configured exactly alike, a number of issues with reliability and compatibility arose. A related problem was the struggle to constantly "push" new versions and patches to every workstation in this widely distributed environment.

It was essential that a more rationalized, standardized and manageable environment be developed and implemented if the organization was going to meet the ongoing needs of the business. But getting Amerisure's 800 employees on the same page proved to be a major challenge when Wilson first joined the company. Tackling that challenge meant a combination of streamlining the hardware and software and simplifying the distributed components as much as possible (making the workstation the equivalent of a phone set) and moving the complex components (servers, database traffic, etc.) into the central datacenter where they could be monitored and closely managed by the IT experts.

"Amerisure was typical of any company that has had computers for more than 30 years," Wilson said. "There was a hodgepodge of different computing platforms." These included a mainframe, a large number of PCs, at least two servers at each CSC, and a mixture of Windows®, UNIX, and Oracle® and DB2 databases. "It was the usual evolution you see with layer upon layer stacked up," Wilson said. "There was not much thought given on how to manage these technologies." With PCs frequently failing, the computer medley was both difficult to manage and a threat to Amerisure's quality of service. With two or three PCs typically down at any one time, and field repairs costly, employee productivity was threatened as maintenance costs climbed. But replacing more than 700 PCs would be an expensive move, one that Wilson needed to execute with quick deliberation.

Setting Priorities. Mapping out a well-managed computer architecture quickly became Wilson's top priority. "Providing real solid business value only happens when you've got a good handle on the IT department and things are going smoothly," he said. Ensuring a smoothly run, in-house IT department meant that Wilson would spend two months developing a new IT vision for the company. This included outlining a strategy that would move the remote infrastructure back into the data center where it would be more secure, easier to manage and less-expensive to maintain.

Wilson knew from years of consulting that Amerisure needed to standardize its IT environment. "I wanted to streamline our operations and make our remote offices run as simply as possible," he said.

"We're first and foremost an insurance company, so we're not on the bleeding edge with our use of technology. That's why we wanted a very minimal and reliable client that could be set up and left alone for as long as possible in the field. It needed to operate just like a phone set – just plug it in and it works reliably. We found that and more in our Wyse thin clients."

"Since the Wyse thin clients went into service, our help desk team saw a 65% drop in workstation-related calls,"

"Wyse is the market leader and they worked hard to gain our business."

*Jack Wilson,
Enterprise Architect, Amerisure,
Farmington Hills, Mich.*



PC Downtime. The company's 700 PCs were a case in point. Support was complicated by the fact that no two PCs were configured exactly the same. It was not uncommon for between 2 – 5% of the company's PCs to be down at any one time. Meanwhile, remote file and print servers would occasionally fail causing further problems. As a result of software configuration issues and ongoing problems with power supplies, hard disk failures and other components.

"We just didn't have the stable and consistent environment that users wanted," Wilson said. And with Amerisure's PC fleet on a three year replacement cycle, the hardware was expensive to upgrade.

Solution: Thin Computing

After hiring another senior architect to help execute this ambitious strategy, Wilson and a relatively small team with IT began the task of replacing every possible PC in the company with more efficient and reliable thin clients. Thin clients run the same software as PCs, but processing takes place on centralized servers rather than on user desktops. Because they don't have moving parts like hard disks and fans, thin clients are less expensive than PCs, easier to manage and more reliable.

Implementing the thin client strategy required fewer but more powerful servers for the data center and hundreds of new thin clients. "We wanted a very minimal client that could be set up and left alone for as long as possible in the field," Wilson said. "The thin client needed to operate just like a phone set – just plug it in and it works reliably."

Wyse: More Efficient, Easier to Manage. Several vendors were evaluated but Amerisure selected Wyse thin clients for deployment throughout the company. Each thin client is equipped with an external keyboard and a high resolution 19-inch color LCD screen. "Wyse is the market leader and they worked hard to gain our business," Wilson said. "The thin client's graphics were also better than the competition."

To maximize desktop performance, Amerisure acquired 10 Dell(R) model 1850 blade servers running the Citrix Presentation Server multi-user operating system. Each server is equipped with 4 gigabytes of RAM and single-core processors. The servers are connected together for load balancing and to ensure continuous operation in the event of a hardware failure.

Benefits

Thin computing is helping Amerisure achieve its goal of creating a higher quality, easier to manage and more cost effective IT infrastructure. With computing resources now centralized, Amerisure's IT department is more responsive to business demands and users are more productive.

Cost Avoidance

Wyse thin clients enable Amerisure to avoid close to \$1 million dollars in annual hard costs, broken out as follows (these savings do not including the additional benefits of a standardized, stable and more productive environment) :

ROI Factor	Estimated Annual Savings
Longer lifecycle: 7-9 years compared to 3 years for a PC	\$450,000 *
Lowered staffing costs	\$150,000
Reduced need for third party repair services	\$250,000
Lower electricity consumption	\$55,000
TOTAL: \$905,000	

Longer lifecycle. Prior to thin computing, Amerisure was on the typical three year replacement cycle with new PC hardware. Many of the PCs would also be serviced on an ongoing basis with software upgrades and security patches. Both practices were expensive. According to Wilson, the estimated cost to replace Amerisure's PCs with new models was nearly \$1.5 million two years ago. That cost included new hardware, software, deployment, removal, destruction and consulting fees. This cost was cut dramatically to just \$800,000 when Amerisure opted instead for a solution based on thin clients and new servers. Wilson expects each thin client to be in service for seven to nine years.

"The biggest hard dollar savings I can show is the PC refreshment cycle," Wilson said. "With thin clients, there's nothing to break, and we won't need to upgrade them for years."

A more efficient help desk. Centralized management enables the IT team to save money with a lower IT staff-to-employee ratio than before. Today's more streamlined and productive help desk team is a good example of this.

Prior to thin computing, Amerisure's help desk/workstation team had about eight workers available during business hours to address the steady stream of calls they were receiving. "Since the Wyse thin clients went into service, our help desk team saw a 65% drop in workstation-related calls," Wilson said. With fewer problems to solve, several team members are being retrained and redeployed elsewhere in the company.

Savings on outside support. Before thin computing, Amerisure depended on local third-party service and support providers to maintain the remote hardware in the regional CSC offices. With servers no longer needed in the field offices and more reliable Wyse thin clients replacing PCs on the desktop, regional support costs have plummeted. In the unlikely event a thin client needs servicing, Wilson says each office has one or two spares that can quickly be plugged in.

Wilson attributes much of the savings in support to the reliability of the Wyse thin clients and centralized servers. "With Wyse, we've brought the really complex stuff back into the data center where we can better manage it," he said. "In our old environment, it was possible for a cleaning lady to hit power strip with a broom and shut down the entire office. No more."

Higher Performance

The performance of Wyse thin clients equals the performance of the PCs they replaced because the thin clients send only the screen changes across the network – not files and data like PCs. Concentrating processor power on the servers and optimizing it through load balancing also contributes to maximum performance. "Each blade is able to support at least 45 users at one time," Wilson said, "and we can support more users by adding more blades. Our load balancer looks to see what server has the least amount of work on it and balances that out across the blades."

Even greater performance may be on the horizon. Wilson says his IT team is currently testing the latest 64-bit version of the Citrix Presentation Server product. By simply adding more memory to each server, "We think we will be able to support close to 200 users per server with even higher performance," he said. Meanwhile, the IT department is evaluating VMware as a way to gain even more efficiency on its servers. VMware is the leading provider of virtualization software. It is increasingly being used to consolidate under-utilized servers and make better use of those already deployed. "Using virtualization, we believe our server farm will be able to shrink over time," Wilson said.

Greater Reliability

Keeping employees online and productive was difficult to achieve when PCs would break down or local servers would fail. In today's more simplified thin computing environment, that's no longer the case. "Prior to thin computing, we were averaging two workstation outages every week across the branches," Wilson said. "Now there's been no downtime since we started using the Wyse thin clients."

Applications Compatibility

Like many midsize companies, Amerisure relies on a mix of desktop applications to run its business. This includes the Microsoft Office® suite as well as PeopleSoft ERP software. Ensuring that this software would run on the Wyse thin clients was naturally important for Wilson and his team. As it turned out, Amerisure was able to replace every PC in the branch offices with the thin clients with no problems. "We've not found anywhere in the field where our software doesn't work," Wilson said.

A few notebook PCs have been kept in service for off-line mobile workers. Five or six desktop PCs are also still found at headquarters running highly specialized legacy applications such as actuarial software. Wilson believes these PCs will eventually be replaced by thin clients running more compatible packages. "By and large, 99% of our software runs great in our thin computing environment," he said.

Ability to Work Remotely

Another reason Amerisure selected thin computing was to make it easier for employees to access the network from home or in other offices. Concentrating processing power in the data center also makes it easier to backup and restore files in the event of a service

disruption or disaster. With hurricanes a fact of life in Florida and other states, Wilson said ensuring continuous operations was a top management goal fully aligned with the company focus on customer care.

"Our philosophy is that if a branch goes down, we should be able to restore operations there very quickly. If, for example, a hurricane knocks out our branch in St. Petersburg, then everybody in that office should be able to continue working either from home or wherever they may get Internet access – say a rented hotel in Georgia or Alabama."

About 300 Amerisure employees today are equipped with a small security device to ensure security and computer access when working away from their Wyse thin clients. This lets them access all files and programs from any workstation just as if they were back in the office.

Conclusion: Better Service, Lower Cost

Wyse thin computing has helped Amerisure achieve its goal of creating a more efficient and responsive IT resource. By replacing the PCs in the remote offices with easier to manage thin clients, Amerisure has successfully increased worker productivity, slashed support costs and freed itself from a costly three year PC replacement cycle. "Not having to spend \$2 million every three years is a huge cost savings," said Wilson. "We're talking about a potential savings of about \$4 to \$5 million over the next nine years in replacing the PCs alone."

The more reliable computing environment ensures that Amerisure can provide even higher levels of customer service and to respond even faster to the changing demands of the business. With a new IT staff in place, reliable thin clients on the desktops, and sever resources easier to manage in the data center, Amerisure can keep its people productive anywhere and at anytime. And most importantly, the company can continue processing policies when customers need their protection most.



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