From Cost Center to Value Driver:
ITFM for the Modern Insurer

Introduction

The insurance sector's digital evolution spans underwriting automation, claims digitization, fraud detection via AI, and hyper-personalized customer experiences. According to McKinsey, insurers now allocate approximately 3–5% of premium revenue to IT, with digital transformation as a priority. However, cost accountability has not kept pace with innovation, creating a disconnect between investment and value realization.

The Problem

Many insurers lack advanced ITFM capabilities to:

- **Meet stringent regulatory compliance,** such as NAIC financial disclosures in the US and Solvency II requirements in Europe, demanding rigorous linkage between IT spend and operational resilience.

- **Overcome data fragmentation**, with finance, procurement, and IT data distributed across disparate systems, hindering a consolidated view.

- **Replace inefficient manual workflows** that delay financial closes and impair forecasting accuracy.

- **Manage complex cloud environments,** where variable consumption and inconsistent tagging lead to erratic costs and financial unpredictability.

- **Bridge strategic visibility gaps** where CFOs and CIOs lack a unified model tying IT spend to business outcomes.

Industry Challenges

Regulatory Evolution
State-based regulation in the US and centralized frameworks in the EU have intensified audit and reporting demands. NAIC guidance emphasizes fully traceable IT spend, while Solvency II mandates clear capital impact analysis

Data Silos
Global insurers commonly experience fractured data ecosystems. Data extraction is manual, integration is weak, and analytics are outdated.

Automation Deficit
Research highlights that integrating ITFM into operational workflows reduces budget cycle time by 25% and cost overruns by up to 30%. Yet many organizations remain locked into manual or piecemeal processes.

Cloud Complexity
Treasury reports note hybrid cloud adoption among financial institutions increases speed and innovation but also introduces consumption unpredictability U.S. Department of the Treasury. Gartner forecasts 70% of core insurance workloads will move to public/cloud environments by 2027 .

Strategic Disconnect
ITFM often operates outside of operational systems, dulling its immediacy and thwarting effective alignment between expenditure and business value.

Proven Optics Solutions

ServiceNow Native Architecture

Proven Optics is built entirely on ServiceNow, enabling seamless integration with ITSM, CMDB, procurement, and governance modules. This unified setup removes data sync issues and enhances accuracy and security.

AI-Powered Automation & Insight

- **Our AI Assistant** automates budget updates, cost model reconciliation, anomaly detection, and transaction auditing.
- **Our AI Analyst** surfaces spending elevations and correlates service performance with financial metrics.
- **Our AI Consultant** enables scenario planning, capacity forecasting, and strategic investment recommendations critical in volatile regulatory and market environments.

Granular Cost Modeling

The platform provides allocation models across services, geographies, and clouds supporting showback/chargeback and helping finance teams pinpoint investment inefficiencies and justify cost recovery.

Compliance & Governance Embedded

Built-in audit trails, approval workflows, and compliance mapping ensure adherence to NAIC and Solvency II requirements.

Executive-Level Visibility

Dynamic dashboards and AI-generated summaries give leadership real-time views into IT spend, ROI, and risk, helping CIOs and CFOs respond with greater speed and clarity.

Insurance Industry Use Case

Situation: A global insurer with fragmented ITFM data, lengthy reporting timelines, and poor cloud transparency.

Intervention: They adopted Proven Optics on ServiceNow, automating reconciliation, integrating CMDB data, and applying AI-driven insights.

Outcomes:
- 28% shorter reporting cycles
- 15% increased cost recovery accuracy
- Enhanced compliance audit outcomes and clearer IT-business linkage

"IT Financial Management enabled us to take control of our technology spend with precision. In a complex insurance environment, it helped us uncover cost inefficiencies, accelerate audit cycles, and free up budget for innovation. Most importantly, it gave IT a seat at the strategic table by shifting the conversation from cost center to value creator."

-William Miller, Co-CEO of Proven Optics and former technology executive at Nationwide Insurance

Conclusion

As insurers face heightened regulatory scrutiny, digital acceleration, and increasing reliance on cloud, traditional ITFM systems are under immense strain. Proven Optics offers a powerful solution: real-time transparency, AI-driven intelligence, full regulatory alignment, and strategic partnership across IT and Finance.

Proven Optics transforms IT financial management from a reactive support task to a proactive strategic function; delivering cost clarity, risk insight, and measurable business value.

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