

**For Additional Information:**

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# Overview

**Date:** <Enter submission date>

**Project Name:** <Insert name of the project/initiative here>

**Project Code:** <Provide an enterprise project code as appropriate>

**Lead:** <Provide one Point of Contact/Project Manager/Program Manager/Scrum Master/Release Train Manager/Chief Scrum Master>

**Executive Summary:** <Executive summary of the initiative. Remember to insert synopsis of final recommendations here>

**Executive Sponsor/s:** <List of executive sponsors of the project/initiative>

**Description:** <Provide a summary of the project>

# 2.0 Expected Benefits

**Objective 1:** <Clearly define objectives (for ex: increase customer engagement, increase productivity, reduce content creation time, etc.)>

* Goal a: <Clearly define measurable goals for each objective (for ex: increase customer engagement by x%, increase productivity by x%, reduce content creation time by x%)>
* Goal b:
* Goal c:
* …
* ….
* …..
* Goal n

**Objective 2:**

**Objective 3:**

…

…..

……

**Objective n:**

# 3.0 Expected Costs

## 3.1 DIRECT COSTS:

### 3.1.1 Initial Investments:

* Software as a Service (SaaS) licensing third-party initial vendor fees: <Startup licensing costs with the third-party vendor>
* Implementation consultant/s costs: <Third-party vendor or partner consulting fees>
* Additional data acquisition costs: <Costs associated with procuring additional third-party data sets to provide to vendor>
* Internal data preparation and management costs: <Costs related to preparing enterprise data — if applicable — to be sent to external third-party AI vendor (for ex: collection and preparation of applicant data for automated/accelerated underwriting)>
* Internal infrastructure costs: <Internal infrastructure costs such as hardware, cloud services, and other infrastructure required to support new initiative>
* Personnel costs: <Costs related to hiring employees to work with the third-party vendor and manage the new AI solution>
* Integration costs: <Costs to integrate vendor AI output with internal ecosystem/other systems — provide an aggregate cost of any associated projects that deal with remediation of existing systems to interoperate/integrate with the third-party AI solution>
* Additional Costs a: <Additional direct costs incurred by your organization>
* Additional Costs b:
* …
* …..
* …….
* Additional Costs n:

**a. SUBTOTAL OF INITIAL COSTS: $**

### 3.1.2 Operationalization Costs (Implementation):

* Investment in Business Process Changes: <One-time costs across the value chain, quantified in terms of FTE costs, that would be required to support reimagining or recreating business processes>
* Change Management: <One-time costs across the value chain, quantified in terms of FTE costs, that would be associated with enterprise change management to effectuate a cultural change by the use of the new third-party vendor AI solution>
* Risk Management: <Audit and compliance costs, quantified in terms of FTE costs and/or tools and/or business process changes, that would be required to support implementation of the new third-party vendor AI solution>
* Data Migration: <One-time cost involved in transferring existing data to the new AI system>
* Data Privacy and Information Security: <Costs associated with compliance with data privacy regulation or guidelines and information security>
* Cybersecurity: <Costs associated with updated cybersecurity needs for protecting new third-party vendor AI solution>
* Customization: <One-time cost for customizing the AI solution to meet specific business requirements>
* Additional Costs a: <Additional direct costs incurred by your organization for implementation of the new third-party vendor AI solution>
* Additional Costs b:
* …
* …..
* …….
* Additional Costs n:

**b. SUBTOTAL OF IMPLEMENTATION COSTS: $**

### 3.1.3 Operational Costs:

* Software as a Service (SaaS) licensing third-party vendor fees: <Annual/Monthly licensing/subscription costs with the third-party vendor>
* Maintenance and Support: <Annual maintenance and support costs if separate from licensing costs>
* Additional data management costs: <Ongoing costs associated with additional third-party data sets to provide to vendor; costs for data collection, cleaning, and storage>
* Internal data preparation and management costs: <Ongoing costs related to preparing enterprise data — if applicable — to be sent to external third-party AI vendor (for ex: collection and preparation of applicant data for automated/accelerated underwriting)>
* Internal infrastructure costs: <Ongoing internal infrastructure costs such as hardware, cloud services, and other infrastructure required to support new initiative>
* Personnel costs: <Ongoing costs related to employees working with the third-party vendor and manage the new AI solution>
* Risk Management: <Ongoing audit and compliance costs, quantified in terms of FTE costs and/or tools and/or business process changes, that would be required to support implementation of the new third-party vendor AI solution>
* Data Privacy and Information Security: <Ongoing costs associated with compliance with data privacy regulation or guidelines and information security>
* Cybersecurity: <Ongoing costs associated with updated cybersecurity needs for protecting new third-party vendor AI solution>
* Customization: <Recurring costs for customizing the AI solution to meet specific business requirements>
* Compliance and Legal Costs: <Ongoing costs for ensuring the third-party vendor AI solution complies with insurance industry regulations and legal requirements, measured by the initial compliance assessment and ongoing compliance monitoring costs — for ex: $xx for initial assessment>
* Additional Costs a: <Additional ongoing direct costs incurred by your organization>
* Additional Costs b:
* …
* …..
* …….
* Additional Costs n:

**c. SUBTOTAL OF OPERATIONAL COSTS: $**

## 3.2 INDIRECT COSTS

* Opportunity Costs: <Potential revenue or productivity lost while transitioning to the new AI system, measured as estimated lost revenue or productivity during implementation — for ex: $xx in lost revenue during a 6m transition>
* Downtime and Disruption Costs: <Costs associated with any downtime or disruptions during the implementation phase, measured as estimated cost of downtime per hour/day — for ex: $xx/day for 5 days of downtime, totaling $n>
* Employee Productivity Loss: <Temporary reduction in employee productivity as they learn and adapt to the new system, measured as the estimated loss in productivity per employee and overall — for ex: $xx/employee for n employees, totaling $xxn>
* Change Management Costs: <Indirect costs associated with managing the change process, including communication, planning, and support, measured as the total cost of change management activities — for ex: $xx for change management>
* Vendor Dependence Risks: <Potential risks and costs associated with being dependent on a third-party vendor for critical AI functions, measured as the estimated cost of vendor lock-in or switching vendors — for ex: $xx estimated switching vendors if and when needed>
* Compliance and Legal Costs: <Initial costs for ensuring the third-party vendor AI solution complies with insurance industry regulations and legal requirements, measured by the initial compliance assessment and ongoing compliance monitoring costs — for ex: $xx for initial assessment>
* Performance Monitoring Costs: <Costs for monitoring and assessing the performance of the third-party vendor AI solution, measured by indirect costs performance monitoring tools and services>
* Scaling Costs: <Additional costs incurred when scaling the AI solution with the third-party AI vendor in order to handle increased usage or data, measured by the incremental cost for scaling up>
* Vendor Management Costs: <Costs for managing the relationship with the AI vendor, including contract negotiation and periodic reviews, quantified by time and resources allocated to vendor management>
* Additional Costs a: <Additional indirect costs incurred by your organization>
* Additional Costs b:
* …
* …..
* …….
* Additional Costs n:

**d. SUBTOTAL OF INDIRECT COSTS: $**

|  |  |
| --- | --- |
| **TOTAL COSTS (a+b+c+d)** | **$** |

# 4.0 Expected Benefits

## 4.1 Direct Quantitative Benefits

* Revenue Generation: <New sources of revenue or additional revenue from products/services enabled by AI solution>
* Cost Savings: <Reduction in costs due to automation and efficiency improvements>
* Cost Savings — Initial Capital Expenditure: <Total initial costs avoided by not purchasing hardware, software, and infrastructure>
* Cost Savings — Reduced Maintenance Costs: <Annual savings on maintenance, updates, and support — for ex: $xx/year saved in IT maintenance and support costs>
* Cost Savings — Lower IT Overhead: <Reduction in IT staffing costs and resource allocation — for ex: $xx/year saved on IT staff salaries and related costs>
* Cost Savings — Training Costs: <Cost savings on training programs and time spent on upskilling — for ex: $xx/year saved on training and development.
* Enterprise Agility — Faster Implementation: <Time saved in deploying AI solutions compared to in-house development — for ex: 3m and $xx saved in implementation time>
* Time to Market by Immediate Access to Functionality: <Time-to-market for new features and capabilities — for ex: 3 months faster access to the latest AI features>
* Scalability: <Time and cost required to scale AI solutions — for ex: $xx and n weeks to scale versus $yy and nn months for in-house scaling>
* Flexibility: <Ability to adjust subscription based on usage — for ex: $xx/year saved by adjusting subscription during low usage periods>
* Resource Optimization: <Cost and time saved by optimizing resource allocation — for ex: $xx/year saved in resource allocation efficiencies>
* Vendor Expertise: <The value of specialized knowledge and skills — for ex: Vendor expertise is equivalent to hiring a full-time expert at $xx/year>
* Continuous Improvement: <Frequency and value of updates and improvements provided by the vendor — for ex: $xx/year in value from regular updates and enhancements>
* Benchmarking: <Improved performance metrics due to vendor expertise — for ex: n% improvement in processing speed>
* Risk Management: <The reduction in risk exposure — for ex: $n/year in risk mitigation value>
* Compliance and Security: <Cost and effort saved on compliance and security measures — for ex: $xx/year saved in compliance costs and potential fines>
* Customer Satisfaction: <Improvements in customer satisfaction and loyalty measured by Net Promoter Score (NPS)>
* Market Position: <Enhanced market position and competitive advantage>
* Additional Benefits a: <Additional benefits incurred by your organization>
* Additional Benefits b:
* …
* …..
* …….
* Additional Benefits n:

**a. SUBTOTAL OF DIRECT BENEFITS: $**

## 4.2 Qualitative Benefits

* Budgetary Predictability: <Consistent monthly/annual subscription fees — for ex: $xx/month or $xx/year in subscription fees.
* Core Competencies: <Third-party vendor AI solution would allow enterprise to focus on the business and can be measured as the percentage of resources reallocated to core business activities>
* Strategic Flexibility: <Time and resources freed for strategic initiatives — for ex: equivalent to $xx/year in strategic value>
* Innovation and Competitive Advantage: <Increased innovation and speed to market for new products. Time-to-market for new innovations — for ex: innovation cycle will be 6 months faster due to third-party vendor>
* Competitive Edge: <Market share growth due to faster adoption of new technologies — for ex: n% market share increase, valued at $xx/year>
* Customer Experience: <Customer satisfaction scores and retention rate — for ex: n% increase in customer satisfaction and n% increase in retention>
* System Reliability: <System uptime and system reliability improvements — for ex: 99.9% uptime, reducing downtime costs by $xx/year>
* Employee Satisfaction: <Reduced workload due to time saved by automating routine tasks — for ex: xx hours/year saved, equivalent to $xx/year>
* Productivity: <Employee engagement and productivity improvements — for ex: n% productivity increase, valued at $xx/year>
* Reputation: <Partnership with reputable vendors helping company brand perception and market positioning — for ex: n% improvement in brand perception>
* Cybersecurity and Information Security: <Reduced number of security incidents and compliance audit scores — for ex n% reduction in security incidents, valued at $xx/year>
* Data Management: <Efficiency and cost savings in data management — for ex: $xx/year saved in data handling and processing>
* Flexibility and Agility: <Ability to quickly adapt to market changes — for ex: n% reduction in time to adapt to new regulations or market demands>
* Adaptability: <Speed and efficiency in implementing changes — for ex: n months faster adaptation, valued at $xx/year>
* Expertise: <Learning from third-party vendor and improving internal team skills and knowledge — for ex: equivalent to $xx/year in training value>
* Continual Learning: <Access to ongoing training and development resources — for ex: $xx/year in continuous learning benefits>
* Ecosystem Integration: <Efficiency and cost savings from seamlessly integrating with existing systems — for ex: $xx/year saved in integration efforts>
* Cross-Enterprise Collaboration: <Improvement in team collaboration across the value chain — for ex: n% increase in collaboration efficiency, valued at $xx/year>
* Futureproofing: <Ability to remain ahead of advancements in AI — for ex: equivalent to $xx/year in strategic value>
* Compliance and Regulations: <Reduction in compliance risks and associated costs — for ex: $xx/year saved in potential fines and regulatory costs>
* Additional Benefits a: <Additional benefits incurred by your organization>
* Additional Benefits b:
* …
* …..
* …….
* Additional Benefits n:

**b. SUBTOTAL OF QUALITATIVE BENEFITS: $**

|  |  |
| --- | --- |
| **TOTAL BENEFITS (a+b)** | **$** |

# 5. Risks and Mitigation

## 5.1 Technical Risks and Mitigation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | RISK | MITIGATION | PROBABILITY  OF OCCURRENCE (%) | POTENTIAL IMPACT COST ($) |
| 1 | Data quality |  |  |  |
| 2 | Performance |  |  |  |
| 3 | Reliability |  |  |  |
| n | <Insert additional risks> |  |  |  |

1. **Contingency Budget for Technical Risk Management:** $xx

## 5.2 Operational Risks and Mitigation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | RISK | MITIGATION | PROBABILITY  OF OCCURRENCE (%) | POTENTIAL IMPACT COST ($) |
| 1 | Integration challenges |  |  |  |
| 2 | Disruption of existing business processes |  |  |  |
| n | <Insert additional risks> |  |  |  |

1. **Contingency Budget for Operational Risk Management:** $xx

## 5.3 Financial Risks and Mitigation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | RISK | MITIGATION | PROBABILITY  OF OCCURRENCE (%) | POTENTIAL IMPACT COST ($) |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |
| n | <Insert additional risks> |  |  |  |

1. **Contingency Budget for Financial Risk Management:** $xx

## 5.4 Compliance Risks and Mitigation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | RISK | MITIGATION | PROBABILITY  OF OCCURRENCE (%) | POTENTIAL IMPACT COST ($) |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
| 3 |  |  |  |  |
| n | <Insert additional risks> |  |  |  |

1. **Contingency Budget for Compliance Risk Management:** $xx

**Total Contingency Budget for Risk Management:** $xx <SUM a through d, add others as appropriate to your firm>

# 6. Total Costs and Benefits

|  |  |
| --- | --- |
| TOTAL OF ANTICIPATED COSTS | $xx |
| TOTAL OF EXPECTED BENEFITS | $xx |

# 7. Outlook

|  |  |  |
| --- | --- | --- |
| Time Span | Benefits | Costs |
| Short-Term (<1 year) |  |  |
| Medium-Term (1 – 3 years) |  |  |
| Long-Term (3+ years) |  |  |

# 8. Net Present Value

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Time Period (t) | Benefits ($) | Costs ($) | Net Benefits ($) | Present Value ($) |
| Year 1 |  |  |  |  |
| Year 2 |  |  |  |  |
| Year 3 |  |  |  |  |
| ... |  |  |  |  |

# 9. Sensitivity **Analysis**

|  |  |  |
| --- | --- | --- |
| Scenario | NPV ($) | Key Assumptions |
| Best-Case |  |  |
| Worst-Case |  |  |
| Most Likely |  |  |

# 10. Decision Summary

|  |  |
| --- | --- |
| Recommendation | |
| Proceed with Project |  |
| Revise and Reassess |  |
| Do Not Proceed |  |

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