

# InterOptic

By Advantage Optics

INTEROPTIC.COM  
866 913 5252

## ◆APPLICATION NOTES:

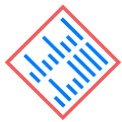
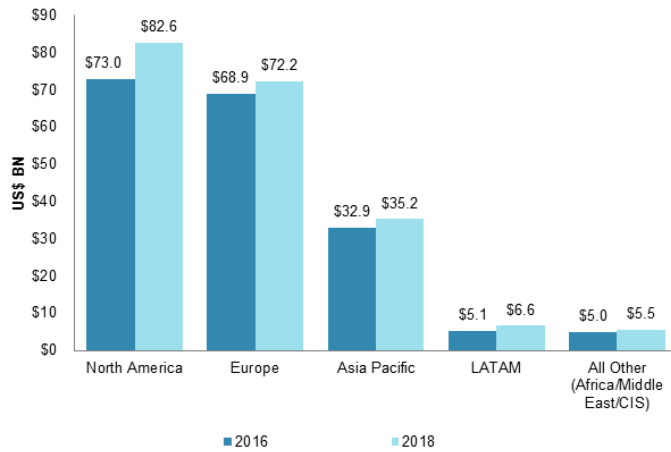
# THE INSURANCE INDUSTRY AND OEM-EQUIVALENT OPTICAL TRANSCEIVERS

Insurance underwriters have analyzed data to evaluate risks for centuries. Insurance companies that embrace new data strategies to capture, process and analyze data gain the upper hand in their competitive and ever-changing market.

Today, insurance providers face 5 key technology-related issues they need to address as they consider information technology (IT) investments:

- 1. Customer Engagement.** Information is pervasive, both inside and outside the walls of corporate America. Today's consumer is more informed and more inclined to do research before a purchase. The traditional insurance broker network has been disintermediated, prompting insurance companies to evaluate alternate sales channels. Buyers also talk to each other on social channels such as Facebook and Twitter. Customer engagement strategies must address these high-influence communities.
- 2. Mobility.** Consumers live increasingly busy lives – involved in jobs, family demands, and charities, to name a few. People “steal” time between scheduled tasks to manage essential parts of their lives, often with smartphones. Insurance providers need a technology strategy to engage customers and prospects with apps.

- 3. Big Data / Analytics.** Insurance carriers are not new to big data and analytics. They harness data to provide valuable insights, frame action plans and gain competitive advantage. The problem is, most data processing infrastructure installed in the past 5 years cannot scale to leverage all the data sources now available. New approaches are needed.
- 4. Agent Experience.** Channels have expanded and become more complex. Yet the largest insurance carriers still depend on agency representation for much of their business. That's why technology advances must extend through hubs at major metros and down to the agency. This job includes providing agents with more tools, training, customer relationship data and promotional programs.
- 5. Security.** We live in a world where all cyber activity is at risk. The onus is on companies to protect this trust. Hacking techniques today are more ingenious and sinister. It takes dedication and focus by IT leaders to stay ahead of threats and protect consumer and company data appropriately.



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IT leaders in insurance companies take on a tough job to address all the above issues and more. Celent Research estimated that insurance companies spent \$184.8 billion in 2017 on overall IT needs.

But smart IT spending requires significant planning and effort. Spending may need to be offset by major savings initiatives. PriceWaterhouseCoopers notes 4 areas of ongoing IT cost savings (see box).

Insurance industry IT leaders have found a relatively unknown, simple method to add value and savings in IT networks. During the planning stage for network migration or deployment, IT professionals consider new architectures and cost tradeoffs.

They find it's possible to save more than 30% on data equipment hardware, with new or older platforms.

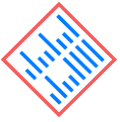
How? Set aside past sourcing agreements with vendors. Examine each area of expenditure to build up the desired architecture, starting with a blank slate.

After breaking out each area, rank them from highest to lowest cost. IT leads are surprised to find out that in data hardware, one of the highest expenses is not compute, storage or networking platforms, but interconnections among devices. Interconnecting links include the fiber optic lines and transceivers. These items account for 30% to 50% of overall data equipment spending.

Leading insurers address this problem by engaging InterOptic to unlock the value of standardized designs. Forward-thinking companies integrated InterOptic brand-equivalent optical transceivers into networks to save millions of dollars.

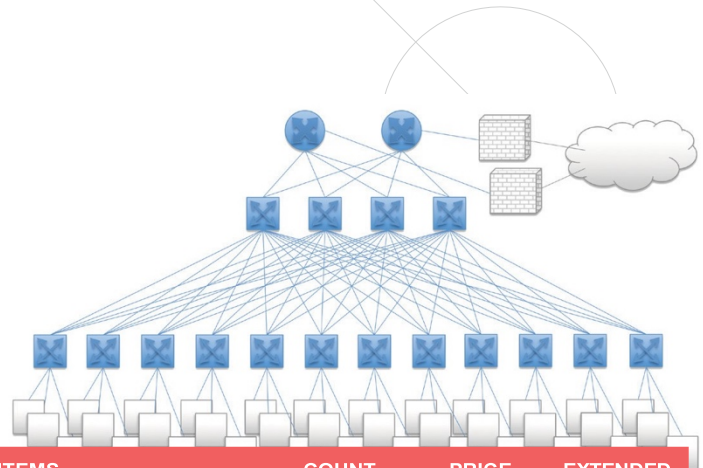
## IT RATIONALIZATION & CONSOLIDATION

- ◆ Target 10% to 30% reductions in maintenance budgets through license reduction, hardware/software rationalization, and service contract elimination.
- ◆ Identify and address vendor tool redundancy to rationalize the number of vendors.
- ◆ Simplify the environment to reduce staffing needs.
- ◆ Improve productivity by re-deploying staff to higher-value activities.



For example, the network to the right represents a typical spine-leaf (folded Clos) network segment in a data center. Interconnection to servers or storage is assumed at the bottom of the diagram. The latest OEM platforms are assumed in a top-of-rack 12-leaf installation routed back to 4 spine switches.

It is clear that the OEM optical transceiver option will be costly. Companies achieve significant savings by using InterOptic OEM-equivalent optical transceivers. Companies save 20% or more on new deployments. They also gain a single source for all optical transceiver needs that is OEM-agnostic. InterOptic even supplies optical transceivers that OEMs have discontinued. That means insurance companies can keep network equipment in service longer and save money on new installations too.



ITEMS	COUNT	PRICE	EXTENDED
N6004EF w/2 40Gb Line Cards	4	\$49,000	\$196,000
N6001 1U Frame	12	\$28,000	\$336,000
40Gb LR4L	96	\$3,117	\$299,232
10Gb LR-S	576	\$988	\$569,088
10Gb SR-S	576	\$338	\$194,688
<b>TOTAL:</b>			<b>\$1,595,008</b>
<b>OEM Transceiver Cost Percentage: 66.6%</b>			

ITEMS	COUNT	PRICE	EXTENDED
N6004EF w/2 40Gb Line Cards	4	\$49,000	\$196,000
N6001 1U Frame	12	\$28,000	\$336,000
AO 40Gb LR4L		\$2,150	\$206,400
AO 10Gb LR-S		\$690	\$397,440
AO 10Gb SR-S	576	\$230	\$132,480
<b>TOTAL:</b>			<b>\$1,268,320</b>

**IO Transceiver Savings: 30.7%**  
**Overall Data Center Savings: 20.5%**

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