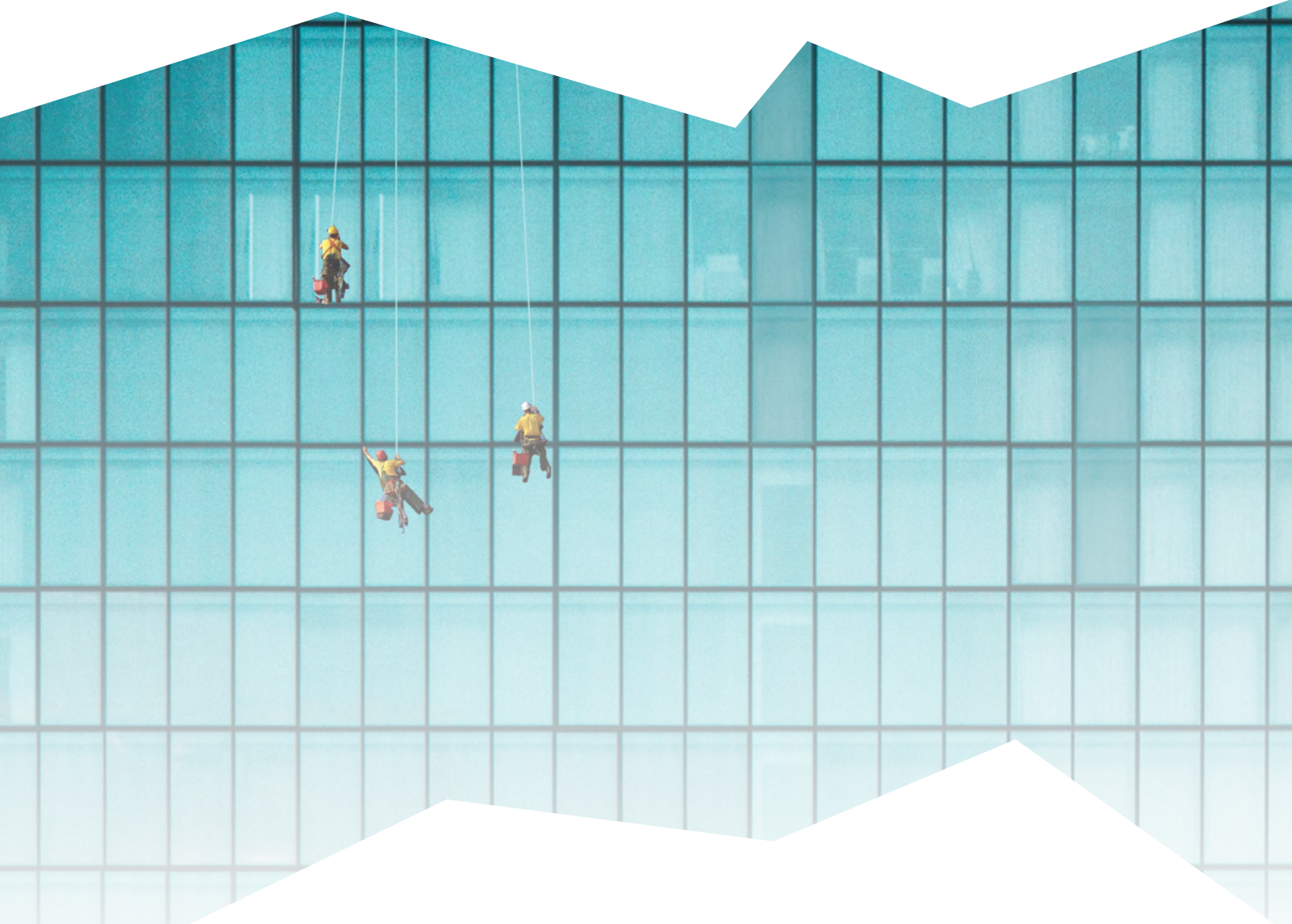


Nine Steps to Navigating a Post-Implementation Journey



Overcoming post-transformation Property & Casualty challenges and making the most of your core systems modernization investment

((CENTRIC))

Introduction

You're a medium-sized Property & Casualty insurer, and you've just invested thousands into implementing a Core Systems Suite. The software is up and running, your team is on board. But what now? How do you get the most out of this investment?

Property & Casualty Core System Suites, such as Guidewire™ and Duck Creek, are industry standard and have wide adoption in the marketplace. Interestingly, much of the focus around these products is specific to selection and initial implementation. The reality is that following an implementation is the most critical time in realization of benefits, yet it is often just an afterthought.

In this white paper, we will compare and contrast the differences between a modernization or transformation and continuous-improvement mentality as well as focus on navigating post-implementation challenges and opportunities to gain a competitive advantage. By the end, you will know nine critical steps for post-implementation that optimize your core systems investment.



Understanding Modernization

Core system implementations are all-consuming endeavors. During our careers, we have been through several of them across both personal lines and commercial lines, for claims as well as policy administration. None of them were easy, but fortunately, none of them failed. We were lucky enough to enter the industry just as we were figuring out how to get through a transformation successfully and, more importantly, consistently.

As the industry matured, we have recognized that certain principles are necessary for a successful modernization. Among the principles: discipline on program and project management, strong and scalable teams, and a commitment to deliver. Basic concepts like scope control, expectation management and prioritization have become the norm. Sacrifices and tough decisions are all part of the equation, but it has proven to work.

As the industry has evolved even further, we have come to understand the importance of adoption and change management. Today, if you follow the core system modernization “industry playbook,” you can expect somewhat predictable results. This is a modernization or transformation mentality.

You need it to get your system implemented, but you also need to be realistic about the outcome.

It wasn't until later in our careers, when we moved away from consulting and into industry, that we were able to see firsthand the realities of the outcomes yielded after “go-live.” The accepted practice of core-system implementation gets the job done, but it also presents some challenges after it is complete.

You need to shift your mindset post-implementation to address these challenges. The importance of building a strong, long-term team with a sustainable cost model is paramount. It must shift to address new ideas, remaining needs and ongoing business adjustments through a continuous-improvement mindset. This shift will often occur naturally, and over a long period of time. Then, it will be jolted back to a transformative mindset during an upgrade or the next transformation. If an organization can be deliberate in their shifts, they can gain a significant advantage.

The Pragmatic Outcome

We mentioned earlier that the tried and true industry approach to modernization was predictable. What we didn't say is that it was successful. You have to be careful about that term and be realistic about what success really means for a core system modernization.

The optimist will tell you that once you go live, you can revisit the scope you inevitably left on the table and the benefits that didn't materialize through a series of improvements. But a giant pile of enhancements is not a solution either. The reality of a major transformation is that you have to get it done, so that you can take on the task of refining your processes, evolving the system and building the integrations that you couldn't do before.

To expect everything to be there day one is just not feasible. So, instead, we catalogue enhancements for later. But all of the transformation controls and processes that created your backlog will just result in bigger enhancement piles if you do not shift your approach post-implementation.

With this understanding, the importance of a solid post implementation approach is imperative. The key concept of moving from the incredibly expensive transformation burn rate cost while still being able to address the need to evolve and realize benefit can seem like a paradox initially, but it can be achievable.

IT STARTS WITH DEVELOPING A PLAN THAT INCLUDES:



Plan for post-implementation - Think ahead: What challenges do you expect to face after implementation? What will you need to address these challenges?



Define your post-implementation approach



Build your team



Nurture a change mentality



Measure your success



Build a roadmap for evolution



Look for ways to innovate



Pursue opportunities for improvement



Plan for Post-Implementation

At some point in every core system implementation (or sometimes after) there comes the unfortunate moment when you realize that you need to consider how you are going to operate after you go-live. Implementations are hard, and expensive. Who has time to plan for afterwards? We'll just shrink the team to a few folks and let the big, expensive integrator go on to their next implementation (either with us or someone else), right? We just need enough for bug fix and (oh wait, also that giant pile of) enhancements. Done.

Okay, so we may be exaggerating a bit, but try to resist this temptation. The real point here is not to over-simplify your post implementation needs. It requires some careful thinking at a time when you are heavily focused on just getting the new system up and running. Many organizations avoid this pitfall, but many do not, given the hectic nature of the implementation and the pressures to reduce spend coming out of it. If you are in-flight on an implementation currently and are thinking about post-implementation, then congratulations. You have cleared the first hurdle.

So if we are going to resist this temptation or if we already have, how should we approach preparing for our maintenance and support? If you are already past your implementation and have already started to naturally shift, that is fine too. The important thing is that the more you are deliberate about the shift, the more you will control the outcomes.

Let's start by listing some of the things we should be addressing and may need to address after go-live, as well as some likely constraints.

COMMON NEEDS:

- Things will break and will need to be fixed.
- Not everything that was contemplated in the initial implementation got completed.
- Some things were missed or not quite defined the way they were needed.
- Business processes adjust or users adopt the system in a different way than anticipated, causing some unexpected, but necessary re-evaluation. (This is a good thing. You really can't predict exactly how adoption will go. Just be prepared to take advantage of it.)
- Using the system brings new ideas on ways to improve it or the use of it. (This is the most important. Embrace this concept because it will be key).
- There is some pressure to realize benefits that are not being realized. Where are the benefits? It will be very difficult to get the business on board, but hopefully they can start to appreciate that you will still need to work to get the benefit.
- Important or valuable third party integrations that were not critical to go-live and/or not possible, need to be addressed soon after go-live.

COMMON CONSTRAINTS:

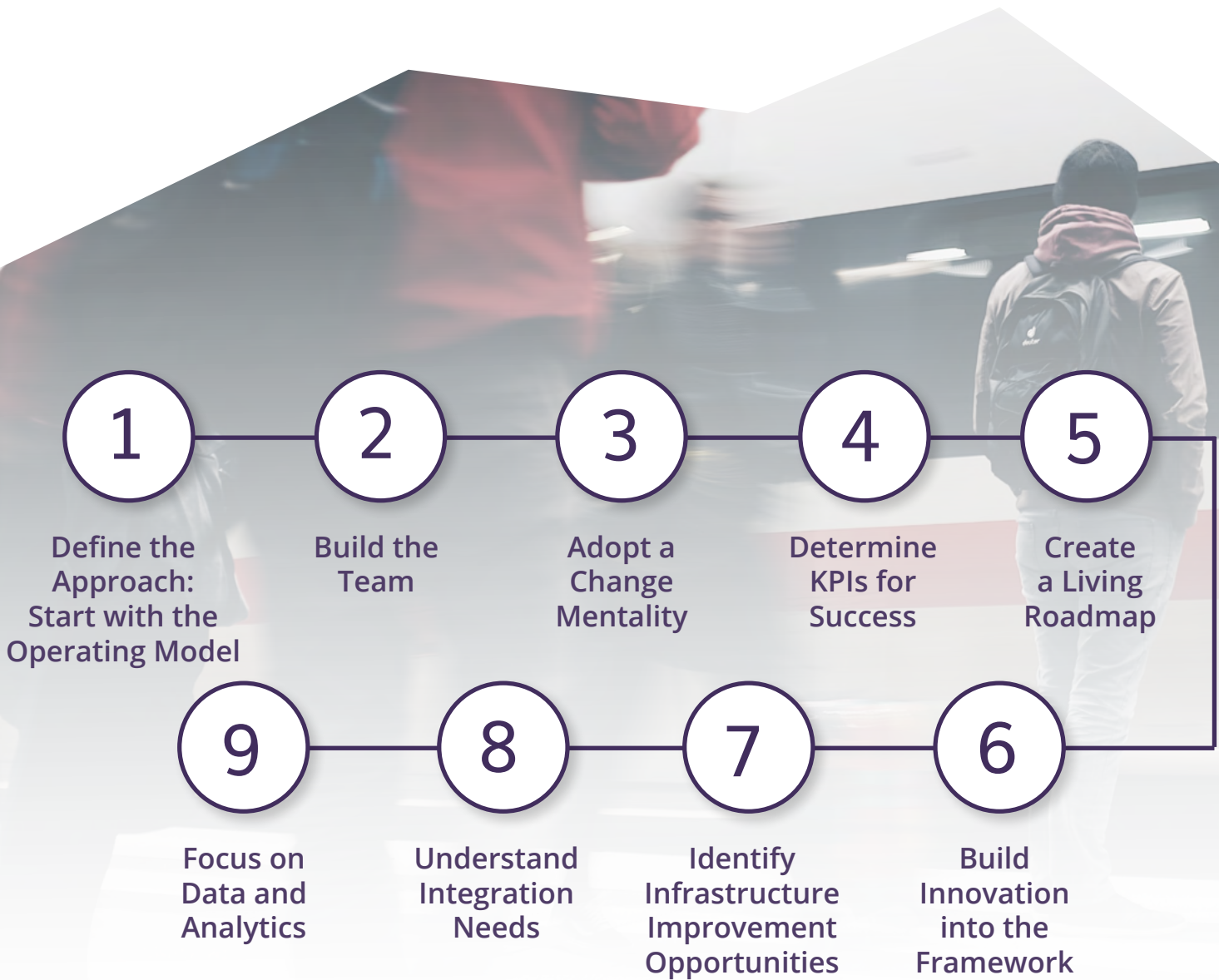
- Implementation was expensive and we can't keep the integrator to address these things.
- Regression testing small changes are insurmountable. Either there is little to no automation or the automation that is there is finicky and hard to maintain. We just aren't set up to change small things without a lot of risk.
- The vendor just released a new version of their software, but given how recent the implementation is, it is not realistic to upgrade right away, necessitating the creation of an upgrade plan or path.

The list gets big quickly and we could fill pages with more. The point is that many of these items require some careful thought and planning.

When you consider the team you may need to address these challenges, it may be a little different than the traditional break-fix team often initially contemplated. Some flexibility in team size and the right people with the right mindset are the keys here. Finally, you have to find a sustainable cost model that will allow you to achieve your objectives without the heavy spend you experienced during implementation.

Nine Steps for Post-Implementation

Preparing for this shift can be overwhelming. Let's break it down into manageable components through the following steps:



STEP 1: DEFINE THE APPROACH: START WITH THE OPERATING MODEL

Now that the needs and constraints are determined, let's look at how we can approach addressing them. One advantage that going through a modernization will provide you is the existence of governance, stakeholders, communication, development, testing and so on. The problem, of course, is that it is all way too heavy to sustain long term (and it is about driving to implementation, not improvement). While you can't just leverage these constructs directly, you can adjust and size them to fit long-term purposes.

Build your organization for long-term improvement by redesigning your transformation program and combining it with your operating model. You may need some help with this task; it is important to get it right. In truth, you won't get it completely right. It is important to get it close, then adjust it. Since the implementation team will still be in place at first, there will be some time to get the optimal team mix in place.

Consider this example: The concept of change and the ability to include all key stakeholders from idea to implementation exists in most transformation programs. However, the nature of those constructs are often very focused on implementation-

based scope control. They immediately determine a bug versus an enhancement and are geared toward "tabling" enhancements. This is necessary if you are ever going to finish an implementation, but not ideal if you are looking at long-term improvement and benefit realization.

Basically, when you take away the dynamic of "we need to finish this so that we can go live and reduce our expensive team," then you can approach change differently. Similarly, the idea of major changes with major testing switches to minor changes with efficient regression.

Employ these concepts as you build out your long-term organizational design, so that it includes sustainable, continuous improvement constructs and moves away from the "scope fixation" of the initial implementation. Also understand that you are going to need to evolve this as you adopt it. Many organizations have an existing "run the business" approach that may need to be adopted, but that does not mean that you can't implement it using an improvement mentality. Organizations should design process and technical infrastructure around frequent, small releases.

STEP 2: BUILD THE TEAM

Once you have your operating model and processes identified, it is time to consider the team that will run it. We spent most of our early careers doing large implementations at even larger system integration firms. We have the large-scale transformation mentality ingrained in us.

If we were starting a core-system modernization with you, we would be moving you into a transformation mentality because you need it for implementation. This is not initial implementation and needs a different approach. We understand how hard it can be to shift from this mentality to a longer, continuous improvement mentality.

A transformation approach is proven and is the reason modernization has evolved to the extent that it has. However, adopting the same mentality for building your long-term team, can be fraught with pitfalls:

Underestimating the scope of post implementation needs - Try to avoid trivializing the importance of post implementation functions. Transformation is different than the steady improvement that comes post implementation but it still requires talent. The biggest difference is that you are not focused on scaling with predictable outcomes. You need a long-term view and a collaborative and effective relationship with the business.

Adopting the transformational mindset that is focused on building a team based on scale - Relying too much on metrics such as average bill rate and onshore/offshore ratios will lead you down a path you may not want to travel. Instead, consider the objectives of your operating model and look for an opportunity to find quality talent that is cost-effective and can operate in variable work load environments, regardless of location.

For example, many offshore teams have a

typical pyramid with one senior developer working with several more (very) junior developers. As the work scales, they can deliver large amounts of scope by implementing rigorous project control. When using this model, it becomes difficult to operate effectively with a much smaller team. Often, this is the approach to take when an organization wants to keep their large transformation integrator, and have them provide support. Inevitably, the solution is to reduce the transformation team, built on the scale model, to a smaller team. This does not mean that the integrator is bad. It is just a different model and you need awareness of what it means to use that model for a different purpose.

Alternatively, you can seek out a flexible multi-site approach that is based on quality, not scale. These teams will have a higher ratio of senior to junior team members and can support smaller team sizes and still provide high quality, business-relevant results. One of the most common challenges we see when a carrier is setting up their post-implementation team is that they feel they need to have a mixed site model to meet cost expectations, but don't like that they have to provide so much direction to less experienced resources as the team scales down. Additionally, the smaller size makes it less appealing to the integrator that is looking for scale. We have seen this model used effectively at several carriers.

Once you have the right type of model identified for building the team, it is important to get the right people. This requires extensive vetting of resources and getting a "known quantity" for key roles. Remember that this is going to be a long-term team. It makes sense to spend a lot of time up front making sure you have the right people. Don't fall into the trap of having to evaluate team members too much on the job. You cannot fully avoid this, but investing time up front, will yield results.

STEP 3: ADOPT A CHANGE MENTALITY

One significant mindset change from transformation to continuous improvement is thinking with an incremental change mentality. Operating in high change environments brings the need to do everything big. Big change, big benefit. Post implementation, you need to have long term goals, but the ability to incrementally achieve those goals, with constant feedback on how you are doing.

As an example, large transformation is built on the premise that there is significant change, so there has to be a significant amount of verification and validation of those changes. The sheer scope of the change warrants a deep and involved quality assurance effort. The process and approach is established with this premise in mind.

Similar to processes and team structure, it is often assumed that the testing processes and approach that are streamlined during transformation can be reduced and leveraged post implementation. Even if there is a significant degree of automation created during implementation, it still may be cumbersome to maintain or the work to maintain it is not contemplated post-implementation, resulting in stale scripts that quickly become unusable.

As you consider incremental change, make sure to consider how the team will be empowered to deliver small improvements independently and frequently. You may not get as mature in this sense as you would desire.

For example, monthly releases may be a good compromise, but approaching the problem with incremental change as the objective will allow you to get much farther down that path. Consider your testing frameworks and development operation (DevOps) approaches. Do they work incrementally? Do you have the technical infrastructure to support it? Knowing where you stand will help you understand if you can invest to address it or if you need to adjust your approach.



STEP 4: DETERMINE KPIS FOR SUCCESS

After you have a plan, the right operating model and the right team with an incremental mindset in place, how do you keep them focused on continuously improving?

One way to approach it is to identify a good set of business and technology performance measurements that provide them with accurate and timely feedback on how the organization is performing. A good team will make better decisions and improve over time, if given the right feedback.

There is an art to establishing the right metrics and you probably won't get it exactly right the first time, so be prepared to evolve them in the same way you are evolving your organization and systems. Try to mix high-and-low-level business and technology metrics that help you develop a collaborative (rather than adversarial) relationship with the business team.

Anywhere joint business goals can come in to play, leverage them. Make sure that the constructs in place provide flexible and pragmatic constructs for the team to work toward improving those metrics.

STEP 5: CREATE A LIVING ROADMAP

With a feedback mechanism in place through performance and metrics, the final piece is understanding and evolving a long term vision that can inform incremental improvements.

Exercises in understanding capability or need can generate ideas in conjunction with challenges surfaced from the business. Building a roadmap can help to set the vision and priorities and drive out proactive exercises.

You may need to adjust the roadmap on a regular basis, but it's all based on results.

STEP 6: BUILD INNOVATION INTO THE FRAMEWORK

Prior to modernizing core systems, many organizations express frustration that the limitations of their legacy systems dampen their ability to innovate. Often, this is among the primary drivers for modernization. Unfortunately, the transformation that occurs, does not automatically bring innovation.

Because transformation is its own machine with a set goal and a need to “get it done,” it does not foster innovation. Conversely, post-implementation and particularly the shift from transformation to a new model are the perfect time to build an innovative organization.

The two key components to doing this are:

- 1 Having a business-oriented, problem-solving approach. The work that is done should be centered on solving a business problem, or better yet, creating a business advantage.
- 2 Explore new technologies and understand the relative merits that they provide. It will increase your options when considering how to drive business value.

Frequently, innovation organizations are only one of these two things, or they slant way too far to the technology. Include both and keep them balanced.

STEP 7: IDENTIFY INFRASTRUCTURE IMPROVEMENT OPPORTUNITIES

Process Automation & Improvement

As you shift from transformation into continuous improvement, examine your business processes. Typically, there is a lot of opportunity here.

Whether you redefine your processes as part of the transformation initiative or not, it is hard to anticipate exactly how the organization will adjust to the new ways of doing things. Once they have started to naturally fall into new ways of doing things, it can be much easier to identify the right improvements.

You will also have a much better sense of true limitations that you need to address. Newer advancements, such as robotic process automation opens up options to consider. Process improvement lends itself to a continuous improvement mindset in that it can be incremental in nature.

Technology & Cloud

One often overlooked opportunity is the advancement of cloud options that can be considered after implementation.

Hosting a core system on the cloud is not to be taken lightly; quite often, it is just too big of a commitment during initial implementation, for a variety of reasons. Many of the leading core systems have hosting options that range from the ability to install and host it yourself, to managed options where either the vendor or a third party will host.

If your organization is contemplating cloud solutions after implementation, there are a multitude of ways to take advantage of technology to enable and accelerate a continuous improvement approach. Traditional infrastructure benefits exist, but the real prize is the ability to enable innovation and possibly take advantage of platform and integration options. It also opens up a path to quick-win implementations for smaller lines of business that may not fit easily in your newly transformed core.

Developing a post-implementation cloud strategy that fits your innovation approach must be done carefully and thoughtfully, but it can add significant lift to a modern core system.



STEP 8: UNDERSTAND INTEGRATION NEEDS

One area that is rich with opportunity after initial implementation is integration of your modern core system to other systems, external systems, digital offerings and your data platform. It is just not feasible to address all integration needs during initial implementation and even if you did, it is going to be at the center of meaningful improvements you identify in your road-map.

Whether it is automating or improving existing interactions with entities - such as MCCA and ISO - or adjusting the overall process between your core system and other systems, integration comes into play. Having a strong integration architecture is important, as is a good understanding of your business architecture and capability mapping.

What is probably most important is having the ability to easily take on integration. Business benefit is often gained at the boundary conditions of processes that span systems.

Whether using accelerators, frameworks or building new, the obstacles that likely led you to modernize in the first place probably included ease of interaction and integration limitations. Therefore, it is reasonable to expect that post-implementation benefit drives will often be integration-driven.



STEP 9: FOCUS ON DATA AND ANALYTICS

One key benefit attached to almost all core system modernizations is the expectation that more and better data will drive better decisions, reporting and analytics. As most organizations shift out of their initial implementation, the desire to leverage this data moves to the top of the priority list.

Additionally, many of the other improvements contemplated need data to inform their path. As carriers seek to accomplish this, there is often a realization that the data platform that supports this need will need to be addressed. Even if the platform was modernized along with or before the core system implementation, there still needs to be a focus on maturing the reporting and analytics on the new data opportunities.

If you have not already, consider a modern data platform that focuses on all of these: key business-related metrics, a strong information model, the ability to correlate to other data (such as third party data), and the ability to continue to mature.

Conclusion

Shifting from implementation to support can be very involved, but it can pay off significantly to apply the right mindset and willingness to explore options beyond the usual: extending the transformation team or cutting the team too deep.

It is not an easy endeavor, but is arguably just as important as the transformation itself. If it seems too daunting, you can break it down and start small. The advantage of this approach is that you don't have to build it overnight. It will pay off incrementally.

Finally, get help if you need it. Similar to the transformation, it may not make sense to "go it alone." Just remember that this is a long-term shift and you need to choose a collaborative partner with a long-term view in mind.

Want to learn how to make the most of your core systems modernization investment? [Visit our site.](#)

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