



Beating Reengineering Inertia

May 25, 2004

Scott Gillespie

Information Systems Consultant - MetLife

2004

ACORD INSURANCE
LOMA SYSTEMS
FORUM

MetLife



The Rule

It is not enough to manage the mechanics and technical aspects of a large-scale implementation; you must manage relationships and expectations inside and outside of your immediate area to lead people through this complex change.



Objectives

- **Compare program challenges & approaches for two large-scale system implementations**
- **Identify people-related challenges to large-scale programs**
- **Project outcomes & lessons learned**
- **Supporting information from IT Industry**
- **Recommend best practices to improve chances for success**



ATLAS Defined

- **Advanced Total Life Admistration Solution**
- 3-year development phase for Group Term Life administration
- \$15M project cost with peak staff of 35

- **Consolidate & automate, keeping “mass customization” ability**

- **Multiple, overlapping projects**
- Enrollment, underwriting, product administration & claims

- **Built around SOLCORP’s INGENIUM platform**
- DB2 server component back-end
- Web browser user interface front-end
- “Pathfinder” Java interoperability layer
- Allows for efficient process reengineering



TLC Defined

- **Total Long-Term Care**
 - 3-year development phase for Long-Term Care administration
 - \$15M project cost with peak staff of 45

- **Replace legacy LTC administrative platform**
 - Improve plan design efficiency & increase speed to market
 - Support multiple distribution channels: Group, IB, AARP & Federal

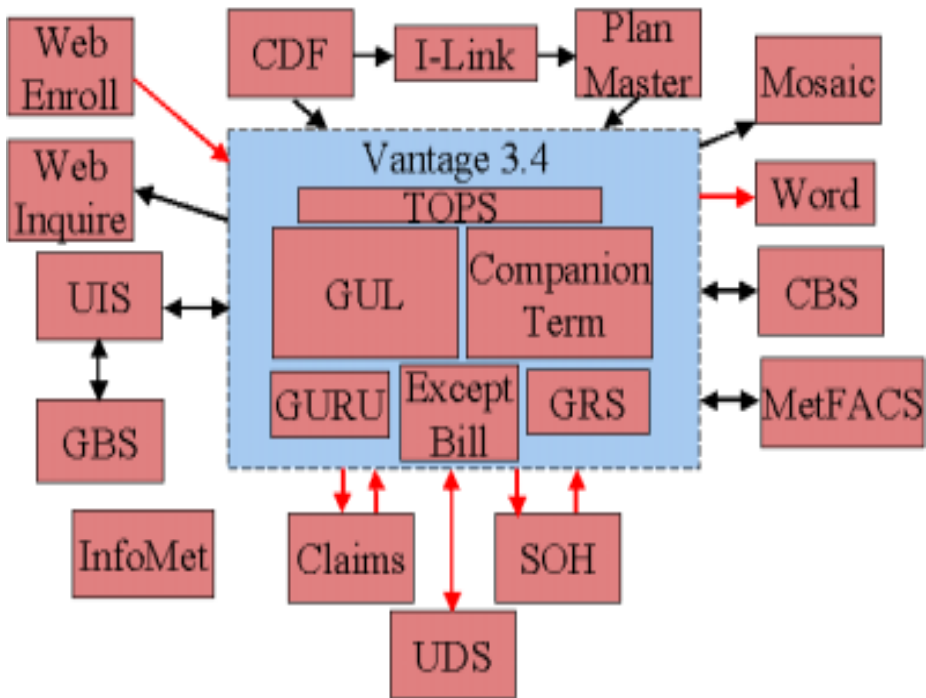
- **Multiple, overlapping projects**
 - Plan Master, Enrollment, Billing, Premium Calculation, Commissions, Underwriting, Benefits Authorization & Claims
 - Must maintain bridging to & from legacy system

- **Leverage SOLCORP INGENIUM platform used by ATLAS**

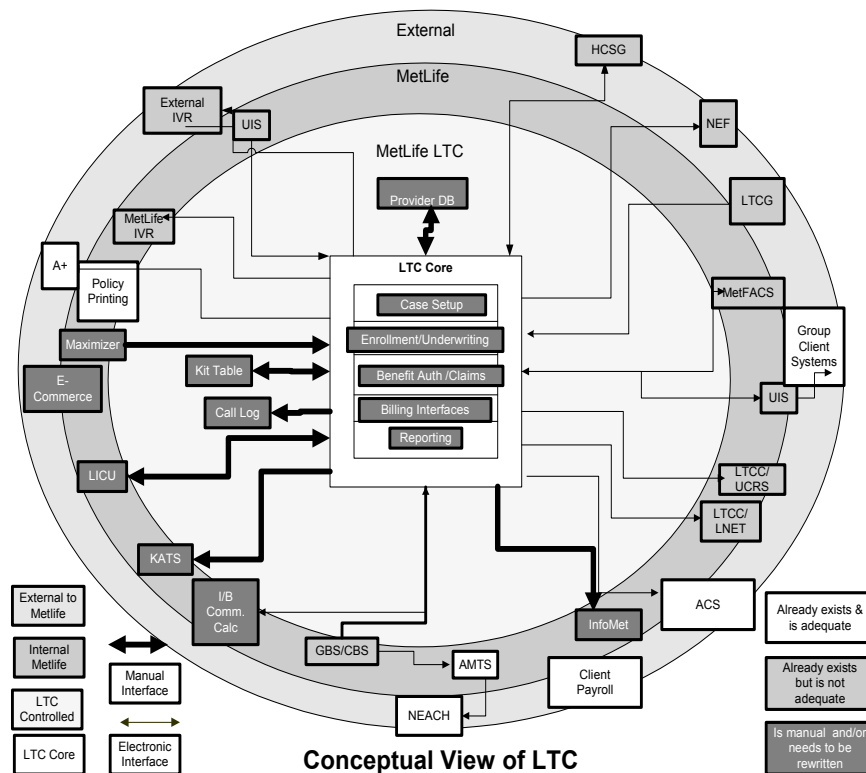


Prior State of MetLife's Admin Systems

Group Term Life



Long Term Care





Implementation Challenges

- **Need for speed**
 - Fast pace is the norm due to market & financial demands
 - Must meet market commitments & keep funding in place
 - Market & business changes are a constant challenge

- **More with less**
 - Substantial pressure to reduce budgets

- **Some largely manual processes**
 - Very inefficient, but extremely flexible

- **Some already highly automated processes**
 - Sketchy knowledge of what current systems were doing



ATLAS & TLC Technology Approach

- **MetLife's approach: Re-use before buy; buy before build**
- **Use base INGENIUM & surrounding systems wherever possible**
- **Avoid changes to base system to facilitate re-use & upgrades**
 - **If needed, make basic architecture changes that allow substantial new functionality without compromising base functionality**
 - **User exits & extension tables**
 - **Take advantage of INGENIUM modular, table-driven design**
- **Use a “services” approach & extend to web services**
 - **XML & ACORD**



ATLAS & TLC Project Approach

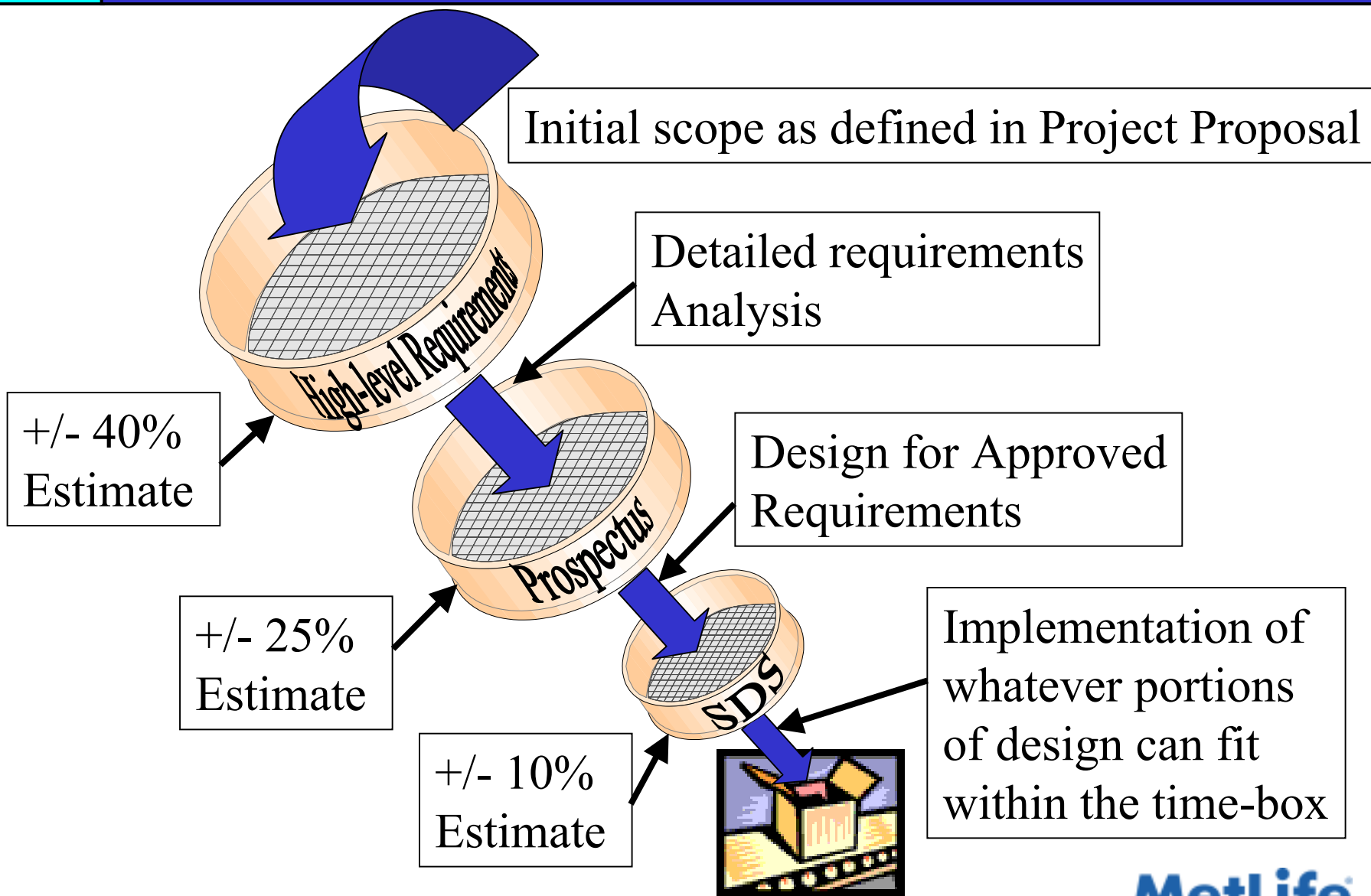
- Requirements & priorities change quickly, but the business vision evolves slowly

- Evolutionary—implemented in relatively small pieces
 - Rigidly time-boxed
 - Scope aggressively managed
 - Changes in focus expected, but addressed through future releases

- Resistance to change—expect it & plan for it



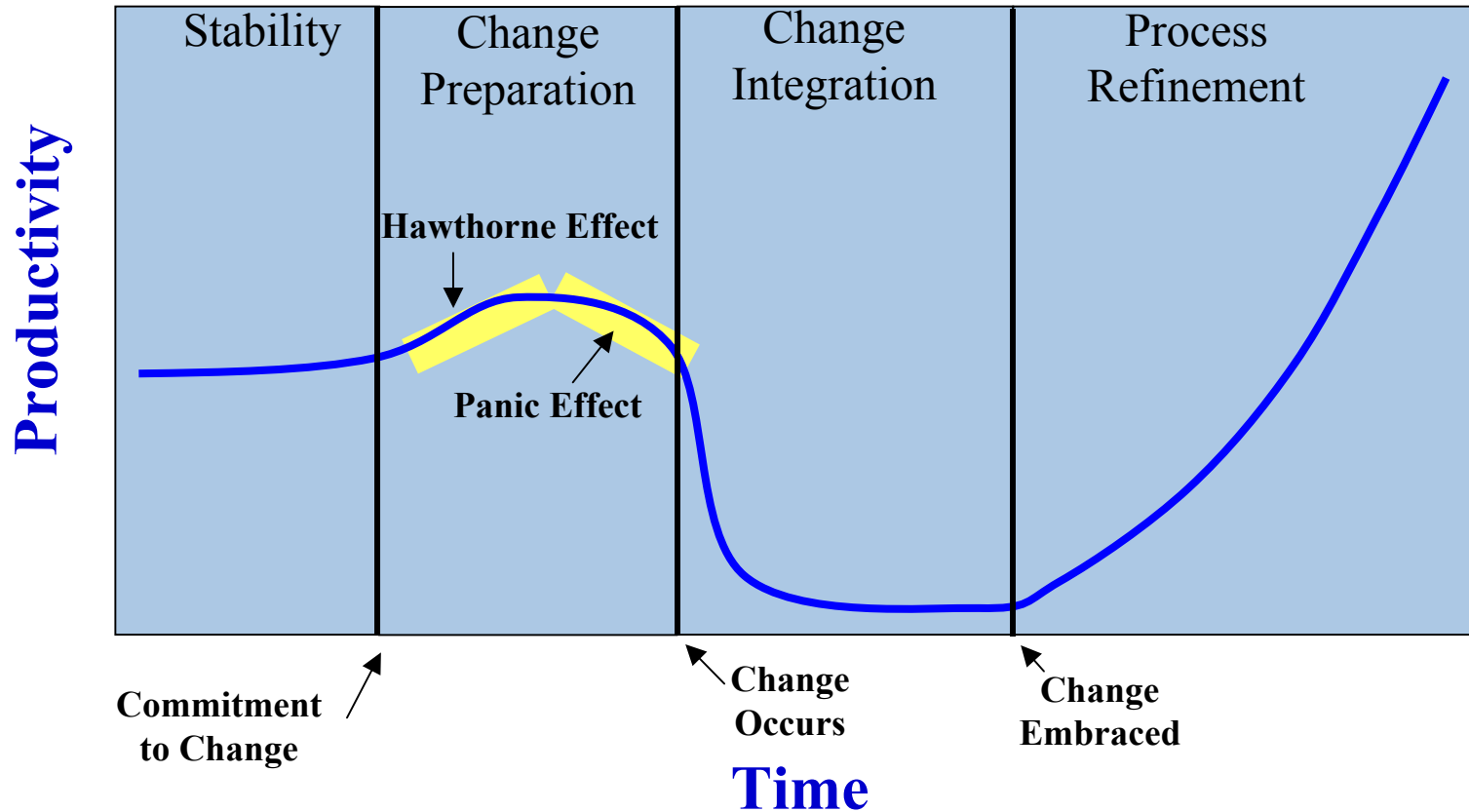
Time-Boxing & Scope Refinement





Technology Improvement & Process Change

The Mourning Cycle of Process Change



Source: Michael Hammer



Laws of Process Change

- **Early implementations should be simple with low volumes**
 - **Functionality should be limited initially**
 - **Add more functions as processes are better understood**

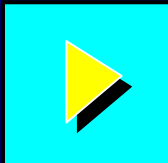
- **Productivity will suffer at first**
 - **Learning curve**
 - **Some things will come up that we didn't know**

- **Problems will be seen as system flaws**



Quotable Quotes

- **“Tell me and I forget. Show me and I remember. Involve me and I understand.”**
– Chinese Proverb
- **“When it comes to process work, the business people tend to be a lot more tolerant of ambiguity than the IT folks.”**
– Robert Handler, META Group
- **“The biggest challenge for managers is handling the people issues related to [implementing web services].”**
– Doug Barry,
“Web Services & Service-Oriented Architectures”
- **“The early bird gets the worm, but the second mouse gets the cheese.”**
– Steven Wright





Key Approaches for Success

- Have support from executive management
- Involve—not just inform—users
- Lead using constant communication
- Design small, time-boxed projects
 - Scope is manageable, with changes carefully monitored
 - Get fast results & maintain visibility
 - Apply IT & business learning to next project / release
- Have patience
 - Early releases have less functionality than current system



Project Progress So Far

ATLAS

- Seven major releases 2001–2003
- Completed Term/AD&D build & conversion; now adding group claims
 - Ready for Group UL when Business gives go-ahead
 - Adding new product to INGENIUM
- Setting up web services to be consumed via SOAP/XML calls from various applications
- Releases were on-time, on budget & customer has been very pleased overall

TLC

- Four major releases 2002–2004
- Developing Release 5 for Benefit Authorization & Claims
 - Legacy shutdown October 2004
- Already implemented some web services components & adding more
- Releases with one exception have been on-time, on budget & customer has been pleased overall



Lessons Learned

- **Must have executive management and business support**
 - Level of business involvement determines project success
 - Must have end-user involvement from analysis to testing

- **Good technicians are not necessarily good managers**
 - Leadership & flexibility along with communication & business skills are key aspects of successful project managers

- **Important points must be reinforced many times**

- **Strong IT role needed to control scope in the face of business resistance**

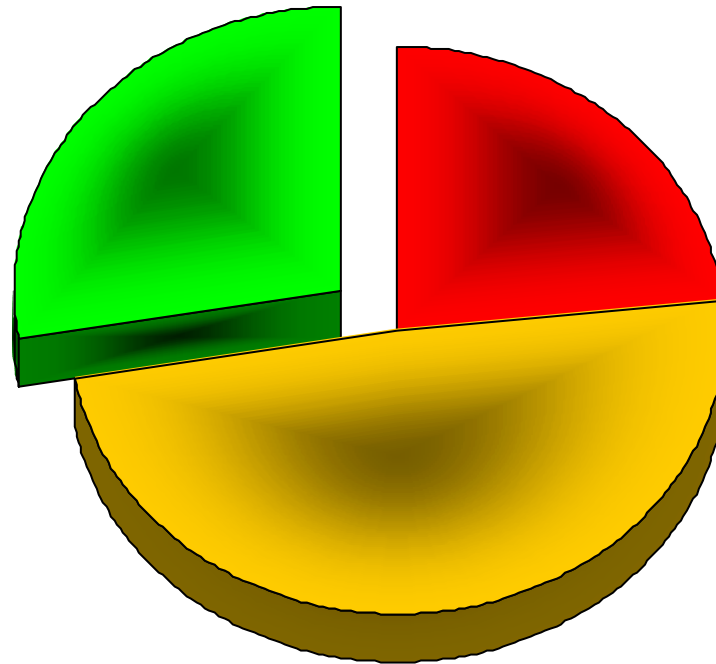
- **Typical reaction to any issue is that the system is wrong**



Project Management - Research

Project Resolution (2000) *for 280,000 Projects*

Succeeded
28%
(78,000)



Failed
23%
(65,000)

Challenged
49%
(137,000)



Project Management - Research

The CHAOS Ten

Factor	Weighting
Executive Support	18
User Involvement	16
Experienced Project Manager	14
Clear Business Objectives	12
Minimized Scope	10
Standard Software Infrastructure	8
Firm Basic Requirements	6
Formal Methodology	6
Reliable Estimates	5
Other	5



Summary

- Focus on the people issues--they are your biggest challenge
- Involve everyone--starting with executive management & end-users
- Choose good leaders as managers
- Use small, incremental releases
- Communicate clearly & constantly
- Value the people & build trust

