

Technology and Operations Road Mapping: The Path to Success

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Technology and Operations

Road Mapping: The Path to Success

Fidelity Security embarked on a long-term operations and technology program to renew major application systems and reengineer core processes. We began with the development of a strategic operations and technology road map which encompasses the priorities, requirements, timeframes, costs, benefits, and change management aspects of the program.

In this session we will discuss how to prioritize steps for undertaking a comprehensive systems renewal and replacement plan and understand the dynamics involved in an operations and technology road mapping project.

What is a "Road Map?"

- ◆ The Road Map is a strategic plan
 - Aligns IT with the business vision (even if you don't have a clear business vision, the road mapping discipline promotes clarity)
 - Ensures technology investments (dollars and people) are aligned with business needs
 - Creates a clear vision for an organization's technologies and details the steps to get there
 - Demonstrates how technology investments will improve operational processes
- ◆ The Road Map is a living, breathing document
 - Must be dynamic because technology evolves faster than most strategic planning processes
 - Organizations with a stagnant strategic plan are doomed to relive history – eventually all things new are old again

Signs Your Organization Needs a Road Map

- ◆ Everyone thinks their projects are the most important projects
- ◆ Technology is the main bottleneck to putting business on the books
- ◆ Business processes are the result of what the systems can handle
- ◆ Manual work arounds are a common and accepted practice
- ◆ Technology projects have a history of not meeting expectations
- ◆ IT and business are constantly at odds

Signs Your Organization Needs a Road Map

- ◆ Most of your technology resources are tied up “keeping the lights on”
- ◆ Business starts creating “shadow systems” to meet needs they perceive IT cannot handle
- ◆ If you advance your technology 10 years, you’ll only be 15 years behind
- ◆ You have a training program to teach new hires your programming language because all the relevant text books are out of print

**ILLUSTRATING
FORTRAN**

(THE PORTABLE VARIETY)

DONALD ALCOCK

Finding a Catalyst and Champion

◆ Catalyst

- Business person or IT person?
- Credible and organizationally neutral
- Story teller
- New blood versus old blood
- Studious
- Risk taker

◆ Champion

- Senior-level
- Respected, Ear of Higher Ups
- Understands goals, not necessarily technology
- One or more
- Risk taker

Building Consensus That a Road Map is Necessary

- ◆ Talk to everyone, bottom up, top down
- ◆ Find the pain points, business and IT, especially pain points for senior management
- ◆ Determine how changes in operations and technology can address those pain points
- ◆ Understand strategic goals everyone can agree upon
- ◆ Build a story that addresses the pain points and is aligned with the business strategy
- ◆ Start telling the story, let others “own it,” find influencers that will support / preach the story

Building Consensus That a Road Map is Necessary

"The Sky is Falling"

When Mass Hysteria
is a Good Thing



Going it Alone or With Help

- ◆ If you have people internally with these traits, you might be able to go it alone, otherwise get help (getting help is not a sign of weakness)
 - Neutrality, no vested interest in the outcome other than overall success
 - Credibility, senior management respects opinion, history won't taint recommendations
 - Experience, has demonstrated ability to build and implement Road Maps successfully
 - Strategic Thinker, understands the big picture, how all the pieces come together, what's going on in the industry

Top 10 Critical Success Factors

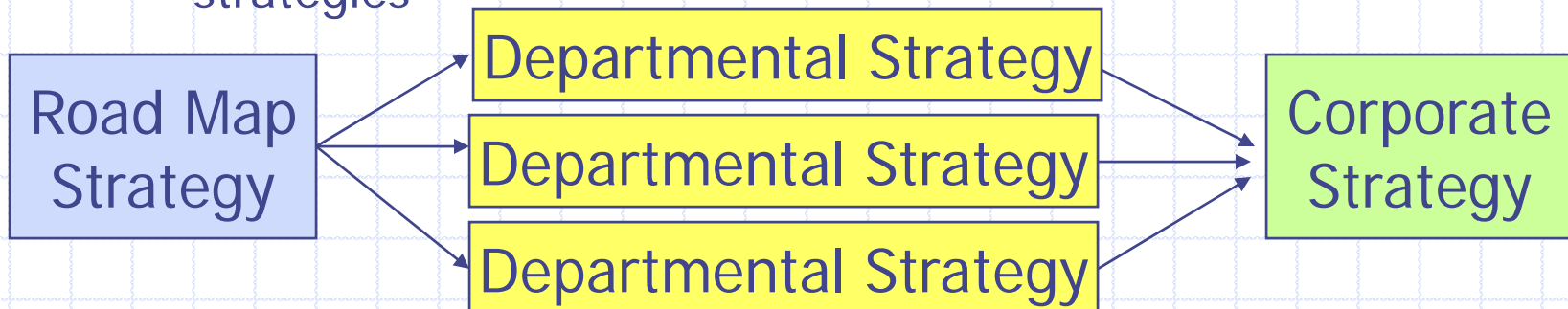
◆ Get buy-in

- It's important to engage all areas, not just those that support what you're doing
- It's important to engage all levels, not just management, not just grass roots
- It's important to get external validation for the direction your Road Map will be pointing; adds credibility
- The more advocates you can recruit the better
- The best story is the one told by others, in their own words
- Share ownership. It's not important you get the credit; the more you can attribute to others the better

Top 10 Critical Success Factors

◆ Must be based on business strategy

- If your organization has a detailed strategy, then your job is easier, but not easy
- If your organization does not have a detailed strategy, then your job is harder, but not impossible
- You should be able to draw a straight line from every recommendation in your Road Map to a business strategy
- Each line should intersect both departmental and corporate strategies



Top 10 Critical Success Factors

- ◆ Must be owned by the business
 - Cannot be an IT initiative
 - Most successful when IT takes on an enablement role
 - IT stills manages the environment, but business owns the systems and decisions surrounding them
 - Business biases are ok, but not IT biases. Why? Because business pays for it
 - Road Mapping process must be run by someone viewed as "business." Same is true for implementation.
 - Catalyst can be from IT, but Champion must be from business

Top 10 Critical Success Factors

- ◆ Must tell a story of how things will work in the future
 - Do not just talk about features and benefits
 - Turn those features and benefits into a story
 - The story should explain how processes will work in the future, how people's work will change
 - “Applicants will go online, fill out an application, and pay by credit card. The application will be rendered and stored in the image system. The data will process in real time and the applicant will get a policy emailed to them within an hour. Commissions will be deposited that night.”
 - The story needs to satisfy all characters, not just the leads

Top 10 Critical Success Factors

- ◆ Must be systems and processes
 - The value is lost if the Road Map is perceived as just one or the other; it must address both. The order is up to you.



Chicken or the Egg?
Systems or Processes?

Top 10 Critical Success Factors

- ◆ Must include analysis of current systems
 - Necessary to get buy-in from those invested in the old technical infrastructure and old processes
 - Analysis must be objective, results can not be predetermined
 - How capable, and at what cost, is the current infrastructure able to meet your needs?
 - Look at total picture, not just functionality, including total cost of ownership and ability to meet future needs
 - Try to make your current infrastructure the hero in your story. If you can't do it, then some level of replacement might be in order.
 - It doesn't have to be all-or-nothing. There might be a limited role for the current systems in your future.

Top 10 Critical Success Factors

- ◆ Must include a cost benefit analysis
 - Yes, quantitative and qualitative, but ...



Show Me
The Money!

Top 10 Critical Success Factors

◆ Must include an implementation plan

- What will you do?
 - ◆ What's staying, what's going, what's getting enhanced
- How will you do it?
 - ◆ Big Bang, modular, surgical, combination
- When will you do it?
 - ◆ General timeline for the entire plan
- Who will do it?
 - ◆ Vendor, consultant, staff, combination
- Where are the milestones?
 - ◆ Key decision points; it's a Road Map so you need mile markers

Top 10 Critical Success Factors

- ◆ Must include a governance plan
 - How will you manage it?
 - ◆ Centralized project management versus decentralized
 - How will decisions be made?
 - ◆ Who can make what decisions, what's the process
 - Who will manage it?
 - ◆ Who is the project leader, steering committee
 - Who are the key resources?
 - ◆ The ones who can make this happen
 - What methodologies will be used?
 - ◆ PMBOK, Agile, Waterfall
 - How will you handle the current infrastructure while you're modernizing

Top 10 Critical Success Factors

- ◆ Must be sold before it's presented
 - The Road Map should be "pre-approved"
 - Each decision maker must understand their part of the plan and support the recommendation, even better if they "own" the recommendation
 - There should be no surprises in the final presentation
 - The pre-sale process is ongoing, not just prior to the final presentation
 - Don't rely solely on the product, even the best products need a good salesperson behind them
 - Practice, practice, practice, be prepared for the questions, don't wing it

Top 12 Issues the Road Map Must Address

◆ Culture

- You cannot overlook the culture. Culture might be the reason you got into your current position.
- If you have a history of not getting a return on your IT investments, demonstrate how this will be different
- Understanding the culture will help you identify key influencers and what strategy you'll use to turn them into supporters of the Road Map
- Think of the culture as what the map looks like before you plot out the highway, you need it to know where to lay the asphalt so you take advantage of the terrain and avoid obvious pitfalls and obstacles

Top 12 Issues the Road Map Must Address

- ◆ Ownership, top down management support
 - Grass roots is great, but will only get you so far
 - If you cannot get Senior Management support, your Road Map will not succeed and might not even get approved
 - Senior Management support can help with Middle Management doubters and detractors
 - Remember who controls the purse strings
 - Get too techie and you'll lose some ownership: "Deer in the headlights" – it's hard to support what you don't understand
 - The CIO is important. Often senior "business" management support can be even more critical to the approval and support of a Road Map.

Top 12 Issues the Road Map Must Address

◆ Accountability

- Must have an accountable Senior Manager (champion) and an accountable Project Leader (catalyst)
- Steering Committee must be accountable for realizing cost savings; headcount is the toughest to adhere to
- Key Resources must be accountable for the information and support they provide
- The Road Map must be accountable for its results
- Key to accountability is regular reporting; maintain high visibility to key items
- Accountability strategy should be detailed in Road Map

Top 12 Issues the Road Map Must Address

◆ Decision-making process

- Must detail who can make what decisions, the right decisions should be made at the right level
- Steering Committee should make major, strategic decisions
- Project Leader should make day-to-day decisions
- Business Managers should make decisions that impact their processes
- The right people must be in the right roles to ensure in the decision

"I am in control here"



confidence
making process

Top 12 Issues the Road Map Must Address

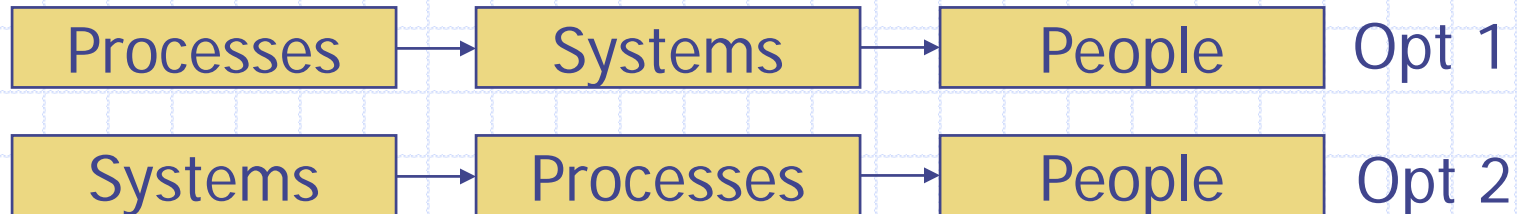
◆ Change management

- How formal your change management process is depends on your organization
- The key is to have a process
- Must address how changes will be handled with current systems while changes are being made
 - ◆ Code freeze?
 - ◆ Critical / compliance only?
 - ◆ Based on cost / benefit?
 - ◆ How will it impact the modernization efforts?
- Should outline how change control will be handled on new / modernized systems during their implementation lifecycle

Top 12 Issues the Road Map Must Address

◆ Process changes vs. organizational changes

- “Show Me The Money Types” will be hungry for the organizational changes (i.e., headcount savings)
- Moving boxes around on paper is easy, so that’s where a lot of companies focus initial efforts
- So what order then?



- Don't count your chickens ...



Top 12 Issues the Road Map Must Address

◆ Role of IT

- If you agree the Road Map and its implementation is owned by the business, then it's imperative you clearly define the role of IT
- If the role is new, make it part of the story
- IT as the driver versus IT as a support organization; IT as a contractor
- Detail where IT adds value to this process, what it controls (e.g., security, infrastructure) and what it does not (e.g., priorities, decisions)
- This process is meant to demonstrate that the business areas are in charge of their own destiny

Top 12 Issues the Road Map Must Address

◆ Buy versus build

- The Road Map should discuss preferences regarding buying systems versus building them
- Many factors go into buy versus build, but its getting harder to justify building custom systems
 - ◆ “We’re unique” usually means marketing, not processes. Most functional processes are fairly standard.
 - ◆ “Competitive advantage” and “meeting the needs of our business managers” is easier with off-the-shelf systems than it used to be (e.g., Standards, SOA)
- Most logical approach is a flexible approach, start with a bias but remain flexible so decisions can vary depending on circumstances

Top 12 Issues the Road Map Must Address

◆ Skills and Human Capital

- How will you handle organizational and individual skill deficiencies
- What skills do you need for the Road Map to be successful
- How does your organization stack up today
- What steps will you take to develop the required skills
- How will you handle people who cannot make the transition
- “Skills” isn’t just an IT issue. Business may need new and different skills; some won’t be able to handle the change.
- Determine gaps, develop training plan, start requiring those skills from new hires and contractors

Top 12 Issues the Road Map Must Address

◆ Insource or Outsource

- Hardware and people
- Software licensing versus software-as-service
- What makes sense for you to do yourself, what makes sense for you to delegate to someone else
- Where do you not have economies-of-scale
- Augment with outsourcing versus total outsourcing
- Again, it's not just IT, what about business functions that add little value, require a highly specialized skill set, or you do not have economies-of-scale

Top 12 Issues the Road Map Must Address

◆ How do you eat an elephant?

- The biggest obstacle to getting your Road Map approved might be fear
 - ◆ Fear it's too big
 - ◆ Fear about conversion
 - ◆ Fear it's too expensive
- Some will get buried in the complexity and lose sight of the strategic "big" picture
- How do you eat an elephant? One bite at a time.
 - ◆ Break it down into manageable phases
 - ◆ Start with something simple to demonstrate early success and build momentum

Top 12 Issues the Road Map Must Address

◆ How will you pay for it?

- Not how will you justify it, but literally how will you pay for it
- License versus “rent”
- If license, borrow money from leasing company, pay out of operating expenses, negotiate favorable payment terms with vendor to spread out costs
- Impact to bottom line, expensed versus capitalized
- Impact on cash flow, capital and surplus, etc.
- Some things can pay for themselves by capturing savings through operational improvement or growth enablement
- Stuff the CFO and CEO care about

Case Study: Fidelity Security Life Insurance Company

◆ Timeline:

- 4Q07 – Building the case
- 1Q08 – Selling the need, finding the vendor
- 2Q08 – Developing the Road Map
- 3Q08 – Selling the Road Map, approving the Road Map
- 4Q08 – Image Workflow kick off
- 1Q09 – Data Repository kick off
- 1Q09 – Selecting the Image Workflow vendor

Case Study: Fidelity Security Life Insurance Company

◆ Timeline (cont):

- 2Q09 – Implementing Image Workflow (12 months+)
- 2Q09 – Implementing Data Repository (ongoing)
- 3Q09 – Policy Administration
- 4Q09 – Selecting the Policy Administration vendor
- 1Q10 – Implementing Policy Administration (36 months+)

Case Study: Fidelity Security Life Insurance Company

◆ FSL/FTJ Road Map:

- Executive Summary
- Introduction
- Desired Future Environment
- FSL / FTJ Systems Model
- Current Systems Evaluation and Recommendation
- Implementation Sequence Recommendation

Case Study: Fidelity Security Life Insurance Company

- ◆ FSL/FTJ Road Map (cont):
 - Costs and Benefits Analysis
 - Candidate Vendor Analysis
 - Application and Software Selection
 - Conversion Process Recommendation
 - Program Governance Issues
 - Conclusion
 - Appendixes

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Questions?

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