Educational Conference & Business Show
June 8–11, 2014 Indianapolis Convention Center, IN
Configuration vs Customization: A New Approach to Core Systems

Session 476
Tuesday, June 10
10:30 – 11:30 am
Mitchell Wasserman, CEO - Oceanwide

Mitchell co-founded Oceanwide in 1996 and has led the company as President and CEO since its inception. At Oceanwide, Mitchell has focused on building the Genoa Insurance Software system into the industry leader for marine insurance. Mitchell has led the formation of the ACORD Ocean Marine standards committee in 2006 and has spoken at IUMI and AIMU events on important industry issues. Prior to Oceanwide, Mitchell co-founded Bizware Computer Systems and led the company to become the leading provider of PC-based business management software for the Retail Petroleum and Convenience Store industries. Mitchell has also co-founded several other entrepreneurial ventures in technology, real estate and hydro-power, and he sits on the board of several companies. He has served as the President of the Montreal chapter of the Young Entrepreneur’s Organization and was named High-tech Entrepreneur of the year by Pro-Montreal in 2005. Mitchell holds degrees in Software Engineering and Public Accountancy from McGill University and he is a Chartered Public Accountant.
Poll Question: How Configurable is Your Policy Administration System?

- **A: Completely Configurable**
  - New product setup and all changes done without any coding or scripting

- **B: Mostly Configurable**
  - Most product setup work and changes are done without coding however some coding or scripting is needed to implement complex rates, rules or new data elements

- **C: Lightly Configurable**
  - Minor changes (e.g. forms, rates or domain tables) are done without coding however most changes require some coding or scripting by IT or Vendor

- **D: Not at all**
  - All changes must be done by IT or the Vendor
Poll Question: What is your primary objective in looking to adopt a more configurable Policy Admin System?

- **A: Speed to market**
  - Ability to launch new products and make changes to existing products more quickly to exploit changing market opportunities

- **B: Empowerment of the business**
  - Provide your business users with more control over their underwriting processes to spark creativity and drive improved efficiency & productivity

- **C: Reduce IT resource backlog**
  - Accelerate your ability to turnaround change requests without having to add staff

- **D: Reduce professional service costs**
Poll Question: What type of Product Configuration is done by non-technical users in your Organization?

- **A: Complex:**
  - Data structures, user interface, workflows, complex rules

- **B: Powerful:**
  - Reports, rating rules, document templates, security roles, branding

- **C: Simple:**
  - Reference tables, rate tables, user defaults, messages

- **D: None**
Martina Conlon, Principal – Novarica

Martina Conlon is a principal in Novarica's insurance practice focused on the P&C and healthcare markets. Martina is the primary researcher and author of market leading reports on agent portals, business intelligence, business process outsourcing and IT staffing strategies. She provides expertise on IT best practices, organizational approaches, and strategic technology architecture and planning. Her recent consulting experience includes vendor selection efforts, insurer peer benchmarking, IT organizational assessments and IT sourcing strategies. Prior to Novarica, Martina served as Director for Arbella Insurance, where she was responsible all enterprise applications, including policy, billing, claims, business intelligence, websites and portals. She has also served as Principal Consultant with leading technology and consulting firms where she partnered with client executives to launch technology solutions to meet strategic business goals. She holds an MBA from Boston University and a BSEE from Tufts University.
About Novarica

- Strategy advisors focused on insurance operations and technology
- Knowledge-based services
  - Personal experience of principals
  - Moderated knowledge-sharing community of over 300 insurer senior IT executives (Novarica Insurance Technology Research Council)
  - Ongoing research into solution-provider marketplace and other insurance industry data
- Published research, retained advisory, and project-based consulting
- Division of Novantas, Inc., leading management consultancy for financial services industries
A Time of Unprecedented Rapid Technology Changes

- “The magnitude of upcoming change will be stunning. We are only in spring training”
  - “Fearless and Connected Consumers”
  - “Unprecedented combo of Focus on Technology AND Design,”
  - “Beautiful/Relevant/Personalized Content for Consumers”

- “A world of plentiful, accurate data, powerful sensors, and massive storage capacity and processing power…this is the world we live in now. It’s one where computers improve so quickly that their capabilities pass from the realm of science fiction into the everyday world not over the course of a human lifetime, or even within the span of a professional’s career, but instead in just a few years.”
CIOs desperately don’t want to be blindsided

- We are living through a time of immense change in information technology that will eventually transform our industry.
- What would happen if?
  - Google began dabbling in predictive analytics and the sale of insurance
  - Amazon started playing in supply chain management for claims?
  - Facebook began focusing on social recommendations of insurance?
  - Apple began investing in medical management with the smart watch, or telematics with the iphone.
- Innovation is usually an enemy of established companies who aren’t nimble enough to react after the paradigm shift begins.
- The velocity of change is like nothing we’ve ever seen before.
- CIO’s have to not only be thinking about what that change might be – but how to build an agile organization that can react quickly.
Keys to building a nimble, flexible IT organization

- Don’t align with the business, be the business
- Invest in a platform to enable an agile IT department, to facilitate great IT/business alignment
- Look for standard, commodity technology that will allow variable staffing strategies
- Simplify, consolidate and advance the architecture
- Continually improve
- Operate at the speed of business
- Stop coding.
Configuration related concepts

- Configuration
- Predefined content or “Templates”
- Hierarchies and inheritance
- Integration architecture
- Insurance Product Repository / Lifecycle tools
What can be configured?

Essentially everything, such as:

- Data Model
- Table maintenance, lists of values, field validation
- Insurance Product – Rates, rules, forms
- Business Rules
- Transaction Workflow
- Roles, Authentication and Authorization
- User Interface, Navigation
- External interface points
Configuration Tools

- Parameter Maintenance Tools
  - Business or IT Business Analyst
  - List of values, reference table maintenance
  - Rate table maintenance
  - Predefined point of process control

- Configuration Tools
  - Strong IT Business Analyst, Developer
  - Rules Engine configuration
  - UI configuration
  - Data model additions
  - Workflow configuration
  - Product Configuration

- IDE-like Extensibility Tools
  - IT Developer
  - Interface Framework/Adaptors
  - Extension of functions, transactions, screens, data model
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Configuration Tools

Simple                                            Complex

Speed of Initial Delivery

Self Service Flexibility

Parameter Maintenance Tools

Configuration Tools

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Simple | Speed of Initial Delivery | Complex

Self Service Flexibility

Tradeoff
Other things to consider with configuration tools

- Configurability of hierarchy or layers
  - “Can I modify the hierarchy or layers delivered in the product?”

- Inheritance
  - “Can I reuse data, coverages and risks across lines of business”
  - “Does this save me maintenance”?

- Version Control, Configuration Management and Effective dating
  - “Can only person configure a line of business?”
  - “Can I stage changes that are effective in the future”

- Production deployment
  - “Can I deploy minor configurations independently? What is unavailable during deployments?”
  - “Is it a build or a data push? How does this fit into my standard promotion process?”
  - “Can I really make changes directly into production with the configuration tools?”
Best practices in Configuration

- Don’t over configure – upgrades may be more challenging with highly configured solutions.
- Configure with an eye toward inheritance, reuse and maintainability
  - Conduct an analysis of all high level business processes and product definitions looking for common data objects, workflows, rules, coverages, data domains, etc.
  - Review configuration plans with business leads, business analysts, integration leads and the lead architect prior to configuration.
  - Consider co-configuring with these resources as possible
- Allocate resources to configuration tasks based on complexity, skill set and overall project need – Business Analysts, Developers or the Vendor
- Configure based on a thoughtful overall design. Conduct design reviews and walkthroughs with business and IT.
Benefits of a highly configurable environment

- **Speed to market**: Rapidly institute and adopt product updates and changes. Simplifies complex product configurations.
- **Faster upgrades**: Carrier specific changes are isolated in the configuration layer and aren't impacted by upgrades.
- **Compliance and Risk Management**: Full auditability across the system for changes and data.
- **Improved release process**: Simplified process for delivering code changes into production.
- **Optimization of Skill Sets**: For some tasks, control can be shifted from IT to the business who doesn’t need to be proficient with the inner workings but can focus on prototyping.
- **Faster Training**: Simplified developer training required to maintain the product helps when variable staffing is needed.
- **Improved documentation**: Common repository for all development artifacts, documentation, and approval process linked to a common change request.
Poll Question: Who does the initial configuration of Products in your Policy Administration System?

- A: Business Users (underwriters/UA’s)
- B: Business Analysts (from IT or the business)
- C: Internal IT technical resources (analysts & programmers)
- D: External vendors / contractors
Poll Question: Who does the ongoing configuration of changes in your Policy Administration System?

- A: Business Users (underwriters/UA’s)
- B: Business Analysts (from IT or the business)
- C: Internal IT technical resources (analysts & programmers)
- D: External vendors / contractors
Configuration vs Customization: A New Approach to Core Systems

Kristof De Bremme, Senior Vice President, AIG

Kristof de Bremme is a Senior Vice President in the Specialty - Marine Division at AIG P&C. Kristof is currently Head of Marine for the UK operation and joined AIG in 2007 overseeing Operations and Marketing for the Marine operations in Europe. In this role, Kristof was the business partner in the development of technology-based and process-based business solutions and ensured balanced user requirements.

Prior to AIG, Kristof worked at Marsh where he was managing client relationships and monitoring support services functions to ensure the highest performance standards and customer satisfaction.

Kristof holds an LL.M. and M.SC Marine from Ghent University (Belgium)
About AIG

- American International Group, Inc. (AIG) is a leading international insurance organization serving customers in more than 130 countries. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer.
Overview of Initiatives

- Implement a client-facing certificate generation portal throughout the European region
- Convert a PC-based isolated portfolio management tool into a regional SaaS delivered application that standardizes data capture, technical rating and reporting across geographies
Business Drivers

- Marine clients demanded self-service tools, customized to their specific policy conditions and country, to streamline certificate generation.
- Compliance demanded automated sanctions screening for all generated documents.
- Divisional management mandated standardized technical rating for all policies.
- Regional management wanted a portfolio management tool to consolidate and analyze all marine policies across the xx countries in the European region.
- Budget and IT resource availability was extremely limited.
Overarching Principles for the Project

- Universal access across the region
  - Browser-based system with multi-lingual, multi-currency capabilities

- Avoid double-entry
  - Consolidate technical rating, reporting & policy management in a single system

- Standardized … with customization
  - Different countries / clients had unique requirements to address while maintaining data standardization to support reporting and analytics

- Business Empowerment
  - Business stakeholders needed to work directly with the system provider to iteratively guide configuration and direct changes
  - Personalization and configuration change, whether done by business, IT or vendor, needed to be done quickly and inexpensively
  - End-user reporting tools were essential
The Project

- SaaS-based, highly configurable, low-cost system offered by Oceanwide selected
- Certificate generation rolled out to 12 countries and 400+ clients in the region
  - Rollout and ongoing support managed by Vendor without any internal IT involvement
  - Project is on budget and in accordance with project schedule
- Portfolio management / technical rating tool implemented in UK as first step, with regional rollout planned for 2014
  - Launched 9 months after requirements signoff
  - IT approvals and requirements changes were primary causes of delays
  - 5 years of historical data migrated
How Did the Business Participate?

- As Business Sponsor, I oversaw:
  - Scope
  - Requirements
  - Decision-Making

- Additional resources used
  - 25% Dedicated UW as subject matter expert and business-side analyst to define requirements and workflow
  - 2% Senior UW Manager who provided technical rating guidelines
  - 25% Internal IT resource for oversight and project management
The Results

- Increased client satisfaction with AIG
- Reinforcement of our ability to satisfy multi-national clients
- Head office mandates for technical rating, sanctions screening and portfolio mgmt. met within the same system
- Internally developed PC-based system retired
- Project budgets were maintained, even as scope changed and internal IT delayed progress
- Lessons learned:
  - Configurability of the software significantly reduced the impact of our changing requirements
  - Earlier involvement of IT for oversight would have avoided approximately 4 months of delays
  - Data migration was more painful than anticipated
Thank you for your time and attention. If you have questions specifically regarding this portion of the presentation, please contact:

Kristof De Bremme

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Configuration vs Customization: A New Approach to Core Systems


Teresa Mencel is CIO of HCC’s domestic property and casualty division. HCC Insurance Holdings, Inc. is a leading international specialty insurance group. Ms. Mencel has over 20 years of IT experience from working in corporate IT departments and software firms. She started with the HCC organization at their subsidiary, Professional Indemnity Agency where she worked as an analyst and later the Director of Information Technology. Prior to joining the HCC group she worked for VF Corp’s sportswear division in charge of sales, design and merchandising systems for the Nautica brands. Ms. Mencel holds a B.S. in Accounting with a concentration in Management Information Systems from Fairfield University, Fairfield, CT.
About HCC

HCC Insurance Holdings, Inc. is a leading specialty insurer with offices in the United States, the United Kingdom, Spain and Ireland, transacting business in approximately 180 countries and underwriting more than 100 classes of specialty insurance. HCC products and capabilities set the standard for the industry, and many of the Company’s almost 2,000 employees are industry-leading experts.

HCC has achieved an outstanding record of growth and profitability, since its founding in 1974, through creative but careful underwriting, strong risk management practices, opportunistic expansion of existing lines of business and targeted acquisitions. HCC is well capitalized and positioned to continue its success.
Goals For HCC

- Speed to market for new products
- Projects that are more easily managed with a vendor partner
- An extendable, reusable platform with the flexibility we need for specialty lines
- An offering that will fit well within our existing IT portfolio; integrate with our core policy and claims admin systems
- Modular software that gives us the functionality we need for the specific line of business during its life cycle (start up vs. mature lines vs. acquisition).
Why Would HCC Choose a Configurable Solution?

- We have a limited number of IT resources with narrow industry knowledge (and diverse specialty product offerings)
- Backlog of programming for core systems
- Ease of deployment for changes not dependent on our core programmed systems
Issues With Non-configurable Systems

- Hiring the right resources with the correct industry experience
- Dependence on BA’s being the ‘middleman’ between tech resources and SME’s
- Changes are currently dependent on core systems release cycle
Speed to Market

- Rapid prototyping and an iterative process with business users will shorten development cycle
- Less back and forth on requirements and fewer missed requirements
- Speed can allow us to establish ourselves in a market niche before competitors
- Automated, efficient process and response to market can help us differentiate our product and services - Adaptability
Limited IT Resources

- Configurable systems not dependent on programming queue – work can begin sooner
- Technical BA’s are spread throughout the organization with a close working relationship to SME’s
- HCC has limited resources for programming – both bodies and funding
- Programming resources often lack insurance expertise – significant investments in training and education are required to understand the product, workflow and key customer drivers.
A Different Type of Vendor Relationship

- What is wrong with typical client/vendor relationships?
  - Slave to the vendor, high PS fees for changes, once sales cycle is over you’re just another customer

- How does HCC expect this relationship to change by choosing a configurable system?
  - Enables client rather than a relationship based on ongoing customization fees
  - Vendor experience in the Industry used to supplement HCC knowledge and deliver a product that is tailored to the specific market opportunity
  - Vendor can also supply additional resources if needed, can play a critical role in training business or IT users so they can drive innovation going forward
Selecting the Right Vendor

- Know what you want
  - Gather/document requirements
  - Know what problem are you trying to solve
- Do the research; evaluate product and vendor
- Take the time to do a Proof Of Concept
Thank you for your time and attention. If you have questions specifically regarding this portion of the presentation, please contact:

Teresa Mencel

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Q&A with Today’s Speakers

- Mitchell Wasserman, CEO - Oceanwide
- Kristof De Bremme, Senior Vice President - AIG
- Martina Conlon, Principal – Novarica
Thank you for coming!

If you would like a copy of this presentation, please contact:

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