

Penn River Blog: The Product Developers Dilemma

Part 4: Combating the Silo's



With ProductHub, as much as 35% of the product development process can be improved through better communication, transparency, and testing automation

The Product Developers Dilemma: Combating the Silo's

- According to a Product Developer, “the single biggest factor for delayed product introduction is the slow-moving nature of our company silo’s.”
- It is not uncommon to have 10-20 teams working simultaneously to launch a product.
- Market conditions and changes in market needs are reasons for de-prioritization or abandonment. Slow moving silos impact product launches
- Companies report that a move to Agile is a way to bring efficiencies to the silo's

This final blog post, **Part 4: Combating the Silos**, addresses what happens once the product design proceeds to the next phase, implementation. In this Blog we discuss the testing challenges – catching defects, policy administration (PAS) systems, illustrations, eApp, digitizing the product, applications, communications, marketing material, distribution readiness, service - updating the knowledge database, and several other mission critical activities.

The teams have come a long way with their product efforts, but now an interesting question must be asked. *How do we combat the silos?*

Some Facts

According to recent survey from McKinsey & Company on product development process:

- As many as **11 different departments** comprise product development
- **17 different “typical” phases** make up the process of launching a project
- The average time from **idea to launch is 9.0 months**

Most Insurance companies deal with competing silos to ensure the product is designed as planned, with an eye on accelerating to launch.

So, with all these processes, silo'd departments and long timelines, we must ask the question, *how can we better combat these silos and launch the product?*

So, What's with These Silos?

We've come a long way!

Up to now, we have gone through many iterations and settled on a product design. Product developers, and the organization at large is now ready to go from product design to execution and rollout. This is where the trouble begins. All these silos dutifully perform their functions to prepare for the product launch. So, what can go wrong?

It starts with an understanding of what these silos are. One study has shown that there are as many as 11 departments that work independently to prepare for launch. Examples of these departments are IT, Service, Marketing, Distribution, Compliance, Legal, Actuarial, and more.

These teams can sometimes work in silos on the product launch and make judgements about the product design. Product developers **MUST** be diligent to ensure operating assumptions and product definitions are synchronized and consistent across the silos. For example, if distribution feedback indicates that the product needs to be adjusted so that it can be sold, then any adjustments must be shared across the silos.

Even simple changes can easily affect pricing, marketing material, applications, and servicing preparedness. With proper tools and discipline, this can easily be managed. Without proper tools and processes, this can turn into a nightmare.

Technology

The technology organization has unique challenges. The concerns start with the sheer number of systems needing to be changed to launch a product. Certainly, the policy administration system (assuming there is only one) as well as eApp for point of sale, servicing systems, CRM, illustrations, print statements, consumer and agent portals, and more. All these systems must be retrofitted, and top of mind for any CIO is combating the *testing challenges – catching defects*, for all these systems. This is a tall order.

This technology challenge can be doubly challenging if other silos are making changes in real time causing the technology organization to go back to retest, or worst yet, various silos being out of sync.

Why This Matters

The biggest reason this matters is that problems do not manifest themselves right away. There may be a hint of a problem if a client calls the call center after receiving a statement, or maybe an

illustration does not quite look right, or a problem may surface when a day 2 project is being worked on a year down the line. Even worse, a regulator may come calling and you realize the product is not operating as intended.

Combating the Silos

Life and Annuity companies are in an intensely competitive market. The supporting technology at most life companies are often legacy, with multiple policy administration platforms, and with natural built in process efficiencies.

We believe that embracing **process efficiency** is paramount, and where **digitizing the product development process** with leading edge tools will substantially improve efficiency and make the all-important user experience better, while achieving as much as 30% time to market and 25% cost savings opportunity.

Unifying the product rules and creating a **gold copy** will go a long way in combating the silos within Life and Annuity companies.

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