

Penn River Blog: The Product Developers Dilemma

Part 2: Herding Cats



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: Herding Cats

- Once a market opportunity is identified, time to market can span 12-18 months
- According to product developers from leading life companies, there can be as many as 10-20 different teams engaged in a product launch
- Critical engagement is needed from organization functions such as actuaries, pricing, legal, regulatory, compliance, service, and IT
- Getting their active engagement in a timely manner can be as difficult as *herding cats*

This blog post, **Part 2: Herding Cats**, will address what happens after a product idea has emerged, as this extended team gets organized and prepared. There are several latent processes and technology issues that surface during this period. The communication challenge emerges, as well as transparency as a key issue that sorely need to be addressed.

Some Facts

According to recent survey from McKinsey & Company:

- The fastest companies move through each stage of the product development process more quickly, and overlap phases
- Of those ideas being explored, **55%** do not even make it out of the ideation
- Budget, cost resource, and resource constraints are reasons cited for abandonment of ideas

We've also observed that while a project may not be cancelled, a healthy number of product ideas are stalled in the various stages. According to the survey, projects can be deprioritized during feasibility, planning and pricing, but sometimes due to IT constraints.

So, if capturing a market opportunity is a key objective, then how can Life and Annuity companies improve the process and why exactly is it so difficult to launch a product?

Herding Cats

Once the idea has been agreed upon and a market opportunity is identified, Life and Annuity companies transition into planning and design, underwriting, and product pricing stage.

This is normally organized with committees crossing many functional areas of the organization. Teams comprised of representatives from areas such as pricing, filing, legal, distribution, compliance, service, and IT are formed and are part of the process.

This is where the process can sometimes break down. Why? Because the method of communication is generally not digitized, using standard (but unsynchronized) communication methods such as email, perhaps project management tools, or JIRA. Product developers try to build the product specification, but the back and forth is so intense that it is hard to know where they are in the process or what version of the product spec is current.

The problem? This all takes a lot of time and breeds inefficiency. It is where ideas can become abandoned too.

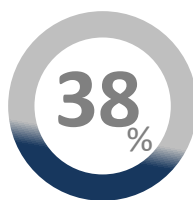


Transparency Rules the Day

How do companies bring transparency to an opaque stove pipe process? The best companies root out inefficiencies in the process and redesign to be more agile and multi-threaded. Even when redesigned, managing the inevitable (and numerous) handoffs, back and forth's, formalizing approvals, logging feedback, and the art of knowing where they stand in each product development phase is a massive benefit.

The end "Product"

Our next blog post, **Part 3: The End Product**, will address what happens next, including identifying where the product rules are documented. Is it paper? Spreadsheets? Importantly, how do life insurance companies take the product from idea to engineering and technology.



Source: McKinsey & Company

life & annuity company improvements in the product development process

Speed and more efficient process: 38% are making improvements in product pricing and 34% with project management improvements

Process and Technology Innovation

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.