



Verisk Insurance Solutions

Product Development: Using Forms Management Technology To Improve Product Speed To Market

A Novarica Research Partners Program™ Report
Underwritten by ISO

Executive Summary

In Novarica surveys of industry CIOs, product speed to market consistently ranks high on the list of capabilities that insurance business leaders want IT to deliver. Product development depends on forms management, which is commonly supported by multiple technology tools and manual processes, which contribute to slowing the launch of new products.

Novarica recently conducted research on forms management and automation at large and midsized P&C carriers. All participating CIOs agreed that product time to market could be improved. Novarica also found:

- Almost all carriers use Microsoft Office tools and manual processes for forms management, and that integration of data is a top priority for improvement.
- Key obstacles include reliance on IT for updating forms and inefficiently distributed knowledge.
- Many CIOs are considering third party solutions and they expect implementation to have a major impact on improving forms management.

As carriers continue to compete on customer experience and product innovation, forms management automation can help improve the speed of making products available to the market.

This study is based on conversations with 10 P&C carriers who are members of Novarica's Insurance Technology Research Council. All 10 are currently active in the North American markets. Most respondents (7) were midsize companies, with annual written premium between \$100M and \$1B. Three were large companies, with over \$1B in annual written premium.

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All carriers see the need to improve product development time - for some, this is a critical issue.

CIOs agreed that P&C insurance is a competitive market where quickly bringing a new product to market can be critically important. Responding to customer needs and regulatory changes in a timely fashion is a must for maintaining market share and customer satisfaction. Yet, no carrier felt that their product development time couldn't stand to be improved.

Carriers felt, on average, that improving speed to market was an important priority. Fully half of CIOs rated the importance of this improvement as 4 or 5 on a 1-5 scale, where 5 indicates critical importance. This was true even for carriers who could bring products to market relatively quickly.

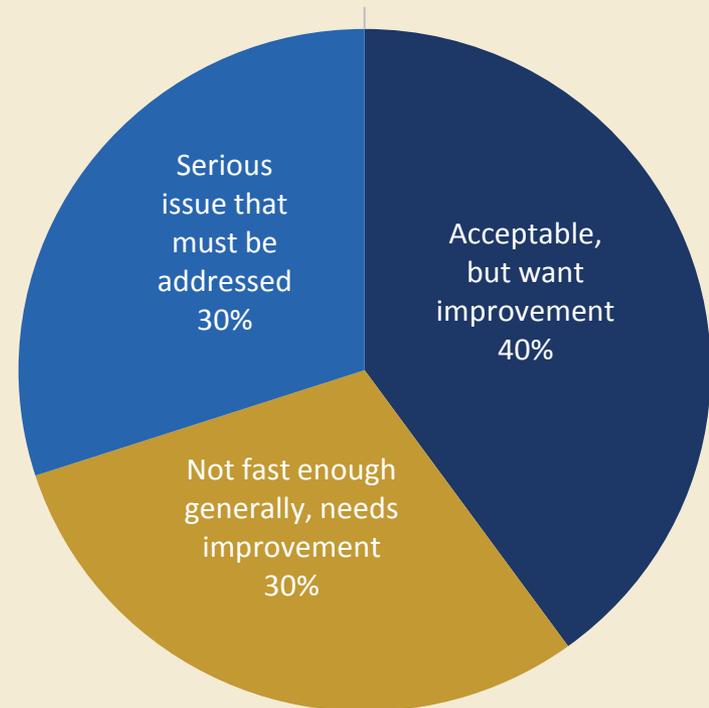
CIOs Say

"It's literally our most serious issue. For a company like us, we have to be at the edge of product availability."

"It's acceptable, but we're always looking for improvement."

"How does your product development team feel about current speed-to-market?"

Acceptable and improvement not needed
0%



Few carriers can deliver new products to the market in less than 6 months.

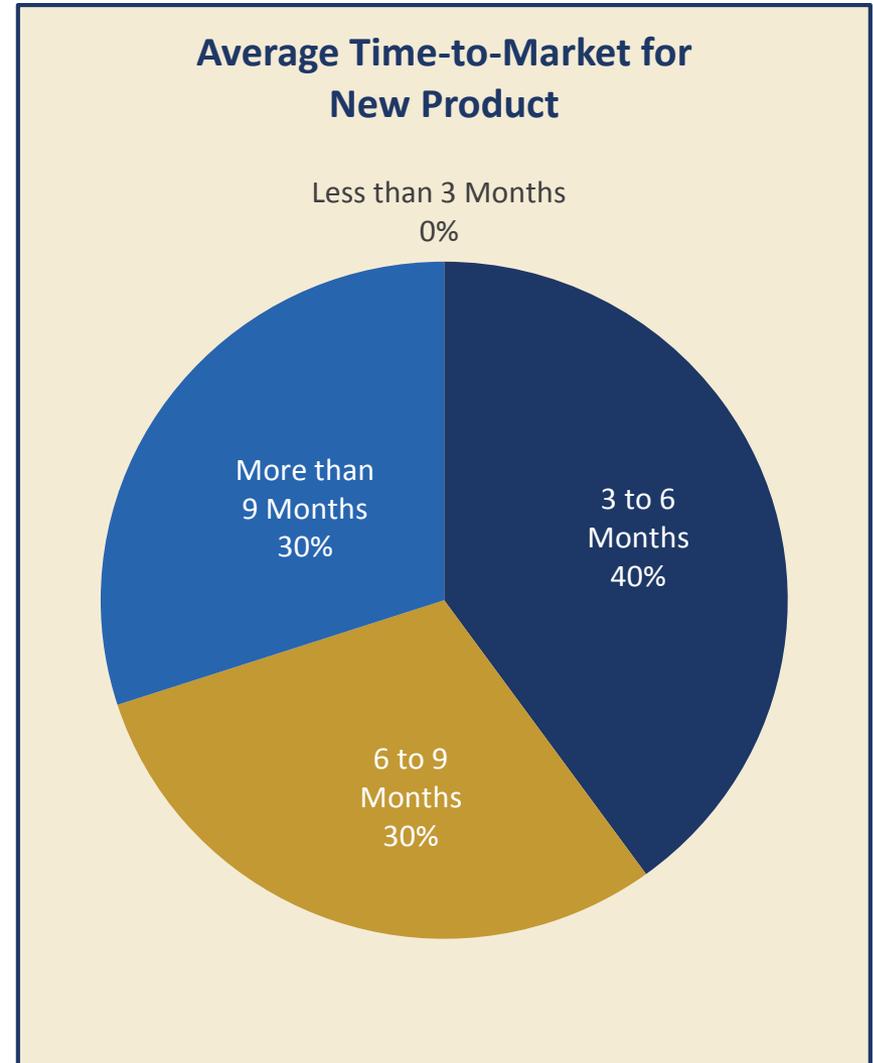
No carrier interviewed stated they were able to bring a new product to market in three months or less, and more than half (60%) stated that they took, on average, six months or more.

CIOs reported that product development and delivery time can vary significantly depending on product complexity, internal process efficiency, and issues like regulatory approval.

Even carriers whose time to market was relatively quick reported that they wanted to see improvement in their product development time.

CIOs Say

“Obviously there is a degree of variability, depending on complexity, and for new products versus updated ones...and going into new state would be more complex.”

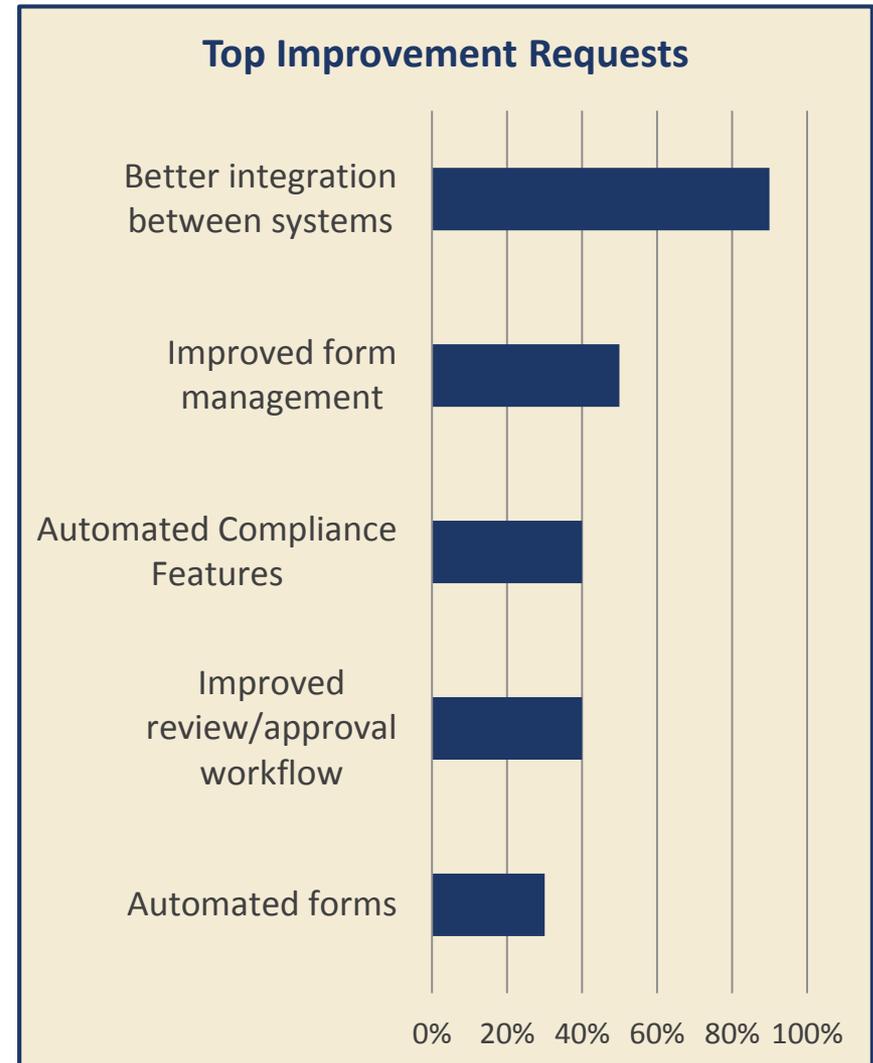


Better integration and improved forms management are also key issues...

Though product development teams make many types of requests for improvements from their IT arms, better integration between systems/database consolidation was almost universally desired. Every carrier who responded to this question said that IT had been asked for integration improvements.

Most carriers reported relying on five or fewer data sources for product development, though one carrier reported that product development touched more than ten. The use of multiple data sources drives the need for improved integration. Querying multiple databases for necessary information can be a time drain for resources, which can impede faster speed-to-market.

In addition, half of all carriers interviewed indicated that improved form management was requested by their product development function. This includes better tools for searching and updating forms during product development processes.



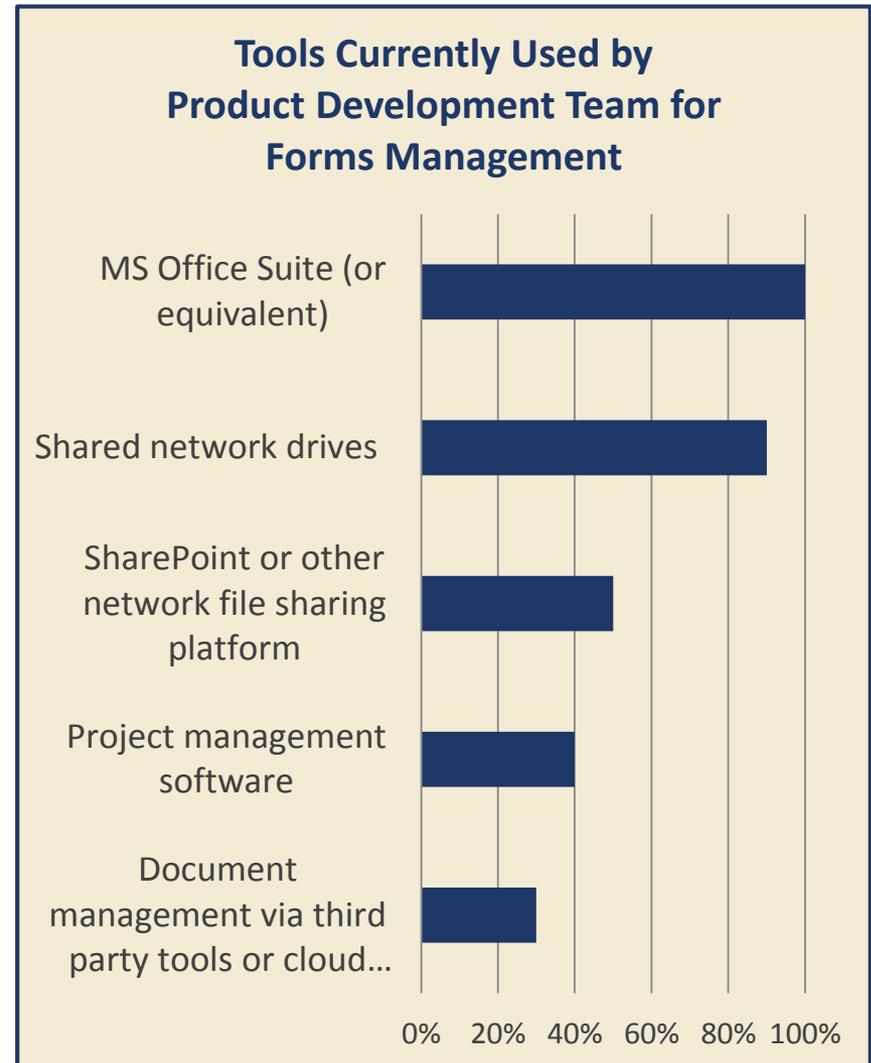
... along with use of inadequate tools for forms management.

All respondents reported using MS Office or similar platforms, and almost all respondents used shared network drives. Familiarity with these tools has contributed to major obstacles like integration and has led to dependence on manual processes for forms management. When resources don't have dedicated tools, they use what they know best or what is closest to hand, which leads to suboptimal workflows.

A few carriers are leveraging dedicated technological solutions and are seeing positive results. Improvements included better forms updates and capabilities for business users to find and change internal forms.

CIOs Say

"Gathering requirements and testing are always a big part of getting products to market, and our manual processes and tools can slow down the process."



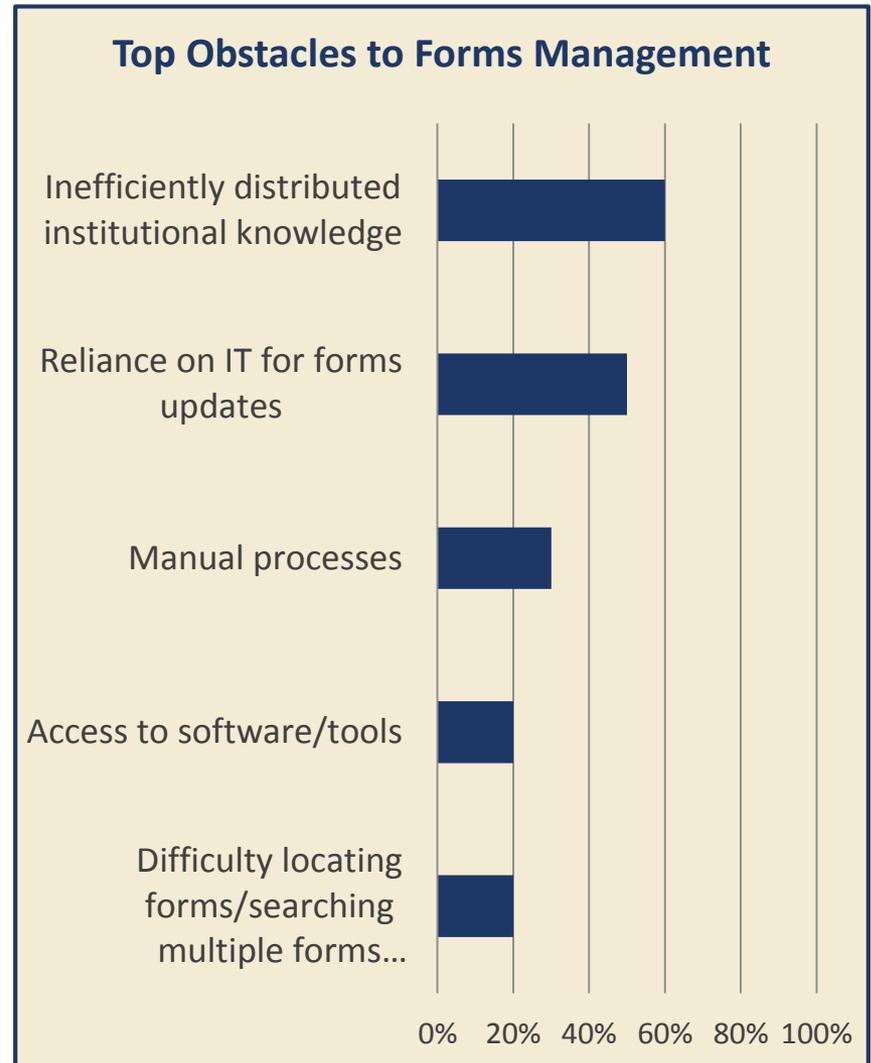
Scattered knowledge and reliance on IT are the most commonly-cited obstacles.

Inefficiently distributed knowledge and reliance on IT for forms updates were the most commonly cited technological obstacles preventing faster product time to market. Other top areas mentioned included manual processes and searching capabilities. Reliance on ad-hoc tools like MS Office and shared network drives can exacerbate these problems.

Other issues were noted as well, but the top areas related to finding information and relying on manual processes and IT support. Technology solutions could provide improvement for these areas, but few have implemented them.

CIOs Say

“Manual review of existing policy forms to find product language, and desktop editing of new product development without easy information sharing are problems for us.”



Product development is a complex process, and carriers have difficulty estimating IT resource time devoted to it.

When asked about the IT resources required for product development, CIO responses varied widely. The resource drain on IT can be significant; one respondent noted spending as many as 1000 hours of IT support to bring a new product to market. For another carrier, who had implemented a third-party solution, only two resources were needed to support new product development requests.

Some of this variance can be attributed to differences in product complexity and product development process efficiency, but it's also likely that for many carriers, support for product development isn't a time drain that is closely tracked. As product development melds with "keeping the lights on" and other normal IT functions, CIOs may lose track of how much time product development support costs IT.

Carriers who had implemented technological improvements targeting forms automation reported that these initiatives improved process efficiency and speed to market. In some cases this included implementation of technology to better manage forms updates.

CIOs say...

"With legacy systems, you can't really do anything without IT resources. We're trying to target some of the pockets of knowledge within the staff."

"Quantity and capacity of IT and business staff is an obstacle for us."

"This really varies; it depends on the nature of the product. And sometimes we have no product development going on."

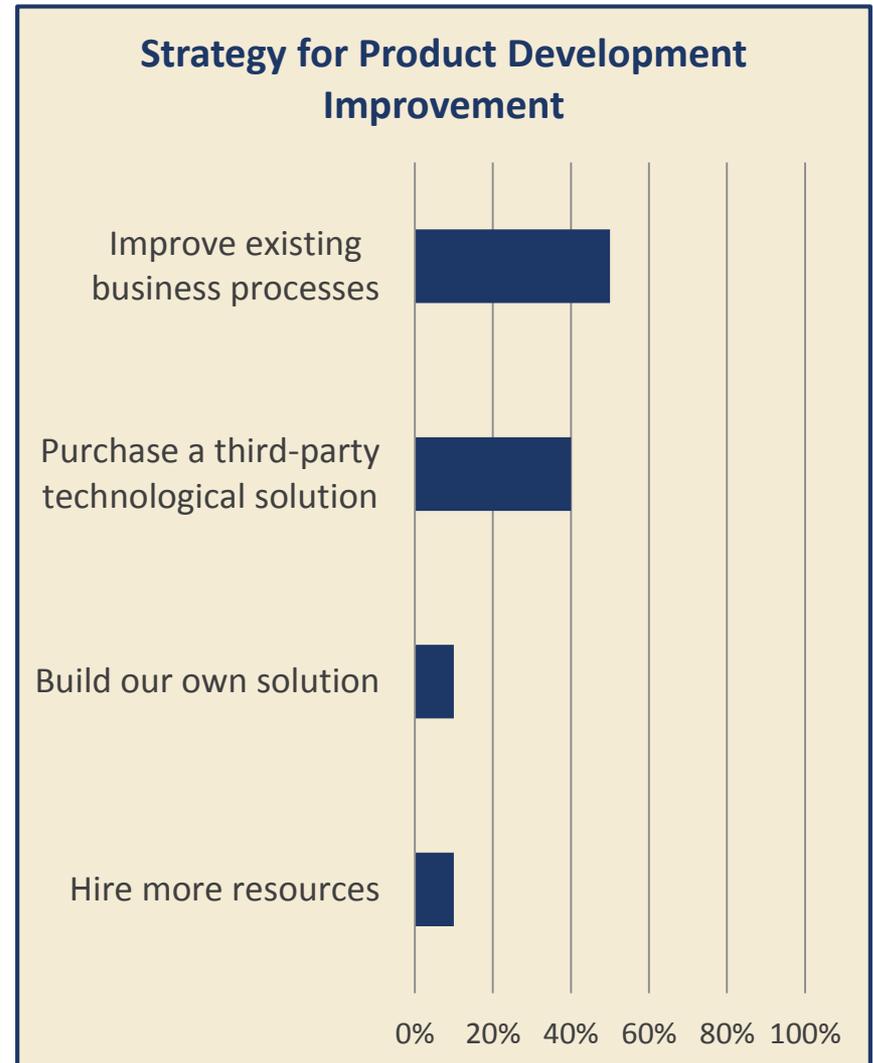
"It includes enterprise architecture staff, business users. It's not just forms, but data prep, rating, things like that. Product maintenance is a concern as well."

Strategies for improvement were split between improving existing processes and purchasing a technology solution.

Respondents either plan to improve their current processes or to seek a new technology solution, whether third party or built in-house. Reliance on manual processes and use of MS office tools likely contributes to the strategy of improving processes without applying a new solution.

Rather than just doing what they do faster, some are looking to purchase a third party solution or build their own.

Carriers who responded that product time to market was a serious issue were also more likely to seek a third party solution, while those who reported product development as “needing improvement” were more satisfied with improving existing processes.



Carriers expect technological solutions to improve product speed-to-market.

In most cases, respondents scored the impact of forms management automation as high. This shows a confidence that a strategy of implementing new technology will improve speed to market.

Carriers who have already implemented technological solutions rated the impact on product development as high (4 or 5). Their CIOs anecdotally expressed great satisfaction with their technological solutions, noting that automated forms updates and automated compliance were major benefits.

CIOs Say

“Forms management was the primary reason [we purchased the solution we did], because they have forms integration.”

“Automation had a major impact. Keeping up with regulatory was almost impossible. Once we went with a vendor solution, it was night and day.”

Impact of Forms Management Automation [Rated 1 -5, where 5 is “major impact”]



Concluding Thoughts

Product time to market needs improvement – forms management automation can help.

- Property and casualty carrier CIOs see the need to improve product speed to market, and few carriers are able to deliver new products in less than 6 months. Speed to market is a particular concern for midsize carriers for whom competitiveness depends on quickly responding to changes in customer interest or regulatory environment.
- Insurers typically rely on IT resources, manual processes and inadequate tools for product development. MS Office and shared drives are very common. Some insurers may have difficulty estimating the amount of IT resources time that's necessary to support product development.
- Carrier CIOs consider better integration and improved forms management as top areas for improvement. Inefficiently distributed knowledge and reliance on IT for forms updates were also commonly-cited pain points.
- Many are seeking technology solutions and expect them to have a positive impact. Carriers who had already implemented technological solutions that automated forms updates and offered forms integration with their core policy administration solutions confirmed that these improvements had produced positive benefits.

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