

Cyber House Rules

Five tips for CIOs to help tech transformation projects succeed.

by Frank Petersmark

Information technology and the insurance industry are like a pair of opposing forces. One is defined by rapid innovation and continuous iteration; the other by gradual, methodical change.

Because technology solutions come and go swiftly and unpredictably, it's often difficult for insurance companies to invest with confidence. So for years, insurers held back—selling policies and processing risks the traditional way, with little external pressure to play the role of technology pioneer. It was much safer to play the role of settler. But over the past decade, well-established companies found themselves hemorrhaging market share to more innovative competitors with lower costs.

Ironically, the very innovations insurers often avoided were driving huge reductions in operational expenditures. Technology, automation and business process improvements were swiftly changing the game by creating new ways to strategically aggregate, analyze and utilize intelligence more efficiently.

Meanwhile, customers began to view self-service insurance capabilities as essential business features. Today, new revolutions in mobility and social computing are only widening the chasm.

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Insurers have often reacted by trying to bundle upgrades together in one huge, complex project—made worse by attempting to progress through two, three or sometimes four generations of technology in one fell swoop. Since budgets won't accommodate do-overs, the technology has to be right the first time and it has to last.

Failure isn't an option, and there's no margin for error, so the projects stall and self-perpetuate for many years as costs multiply. One exasperated business executive said his company's big project seemed to take longer than building the Space Shuttle. And after all that enormous effort, the end result is nowhere close to what was promised.

How, can insurance companies do much better? By doing the opposite of what's been proven ineffective.

1 Less Is More

"This is a big project, so we'll need a big team" seems like common sense. So the company assembles an army of contributors, with little thought given to its structure or organization. Then, when the project stalls, leadership concludes that there wasn't a big enough team to begin with and adds more bodies.

But the larger a workforce gets, the more unwieldy it becomes; inertia is a function of mass. Unless your transformation initiative unfolds flawlessly from start to finish, you're bound to encounter times in which you'll need to

Key Points

- ▶ **The Situation:** Many IT transformations run aground for the same preventable reasons.
- ▶ **The Background:** At the root of most failed IT transitions is a desire to play safe and avoid risk—in other words, approach the project like a potential insured.
- ▶ **The Solution:** Solving modern IT puzzles requires team members to do the opposite of what hasn't worked in the past.

change directions swiftly and decisively. You'll need the IT equivalent of the Navy SEALs, not a battalion. Agility, not size, is the key to a precise, strategic operation, and with that agility comes the capacity to efficiently redirect or redeploy various pieces of your task force.

2 Generalize, Don't Specialize

Complex IT solutions can't be built on an assembly line. Narrow specialization can be toxic to overall success; an army of fine-grained specialists won't work. Successful IT transformations require all team members to assume a broader grasp of the project's vision and to understand how each contribution affects the project as a whole. A successful team will include professionals who are equally competent in business and technology, who can adapt and improvise like jazz musicians and instantly respond to the complex demands of well-rounded, visionary leaders.

A business visionary and a technical visionary should jointly spearhead

any major IT transformation. Prime candidates will have access to the C-suite and the authority to make major organizationwide changes. They'll also have solid experience in the trenches, having built and deployed complex solutions in the past.

3 Throw Out the Cookbook

Most companies opt to create inflexible roles and job descriptions. This includes a massive book of requirements and a series of non-negotiable sign-offs that must precede even the smallest of action items. But this will make it nearly impossible for the team to react effectively to the requirement shifts and spontaneous obstacles endemic to large-scale IT projects.

Even companies taking the "agile" approach often fall victim to process inflexibility and ceremony. Uncompromising adherence to any written directive—even an "agile" one—destroys agility.

A special type of agile development will separate a project's essence from its rituals. Staying adaptive and continually fine-tuning tactics to better align with the project's underlying business value are the essence of agility. Sadly, most companies never learn that lesson. Their bloated staff of specialists triggers a chain of events leading to a protracted cycle in which every bad outcome begets more staff, more specialization and more rigidity.

Equally toxic in this scenario is the stifling effect of a rigid requirements model. When a project gets held captive by linear, inflexible processes, few stakeholders are brave enough to upset the apple cart, even by pointing out obvious red flags.

This could almost be a contrarian principle in and of itself: encouraging dissent throughout the workforce. Surely, the suppression of early warning signs only

serves the interests of individuals, not the project.

4 Distrust and Verify

Given that IT transformation initiatives require huge capital expenditures, projects should be scrutinized early and often for any signs of distress. But in many cases, big projects languish for years without sufficient oversight or any formal lines of accountability taking hold.

Many insurance companies foster an "all for one, one for all" mindset. While this may be excellent for staff cohesion, it makes straightforward accountability more difficult to implement. Rarely do insurers ask, "Whose career should take a hit when this doesn't work?"

It takes a sustained, unflinching effort by senior leadership to build a culture of accountability. Unfortunately, it's not uncommon for senior executives to decline involvement entirely until months, or sometimes years, into a troubled transformation project, when it may be too late. Executives in this position will often make panicky, knee-jerk decisions that only compound the initiative's underlying frailties.

They see only a technology problem, where there's really a business problem. Hence, they only get involved when major capital decisions must be made, or when the train is clearly off the tracks. In either case, it's usually too late to save the project. The most crucial work has to be done at the outset: creating an underlying foundation for success down the line.

5 Hit the Ground Thinking

When IT transformations get the green light from upper management, there's often a groundswell of initial excitement. Everyone is eager to hit the ground running. But in doing so, they often neglect the most important component of all—the solution architecture.

Architecting IT is no different

than architecting a physical structure; it's a combination of science and artistry. Think of it as a blueprint, a logical, elegant framework for decomposing and organizing complex requirements before committing to any single technology, strategy or business process.

The strength or weakness of the architecture will almost always predict the success or failure of the overall project. Done correctly, solution architecture is the linchpin of implementation. But skilled solution architects are difficult to find, which only reinforces the usual corporate decision to shortchange or skip this vital stage in the process.

Architectures can't be switched midstream, so incomplete or inadequate architectures get abandoned entirely. By the end of the implementation, instead of a well-planned city, there's only a software shantytown.

The architecture visionaries should clearly define their expectations at the start. But most will produce either a 200-page document or nothing at all. Either way, it's nearly impossible for team members to assimilate the vision. In contrast, successful IT transformations begin with accessible business and technical visions, distilled in a handful of key blueprints, schematics and pictures.

Einstein once said on the subject of human folly: "We can't solve problems by using the same kind of thinking we used when we created them." Remember those words, particularly if you ever find yourself the CIO of an insurance enterprise in the midst of a 10-year, \$50 million IT transformation. It can be difficult—sometimes impossible—to fight the inertia of a project like that. In many cases, a troubled IT transformation is like a gangrenous limb that must be severed before it infects the rest of the system.

But by following these contrarian principles, any organization with bold, smart leadership courage can minimize the time, cost and uncertainty of a major transformation initiative. **BR**