With Age Comes Maturity… With Agile Maturity Comes Successful Implementations

INTRODUCTION

Over the past decade, group insurers have embraced the Agile management methodology for greater project collaboration and alignment between IT and business constituents during large-scale solution implementations. To continuously evaluate their capabilities and assess project agility, many group insurers have taken their Agile adoption a step further by engaging Agile maturity models, in particular those that incorporate assessment tools that acknowledge group insurers' unique challenges. This Insight examines the Agile maturity model for insurers and how it enables carriers to assess product management, IT, and business alignment, as well as some basic Agile tenets that have helped insurers transform their organizations.

AGILE MATURITY MODEL BASICS

Agile maturity models for insurers directly focus on the insurance ecosystem and consider three stages of maturity during a solution implementation, namely Emerging, Evolving, and Transforming classifications.[1] These stages measure different levels of maturity across different functional areas. Rating progressions through these stages very often result from organizational capability, rather than project duration or stage.

- **Emerging.** The Emerging stage marks the beginning of the Agile journey. It often begins with one or two projects that are dealing with new technology, where IT is typically the catalyst for change, but complete business buy-in remains an issue.

- **Evolving.** When a project is Evolving, it indicates that insurers have succeeded with Agile projects and want to tackle broader program objectives. Product management becomes a focus for the business and IT organizational projects are starting to work together more frequently.

- **Transforming.** At the Transforming stage, insurers have embraced a "product over project" perspective and have transitioned organizational structures and processes to fully support the Agile operating model. Product management, rather than project management, drives investment and governance.

These stages can be applied to all functional areas of an organization, including funding, product management, culture, and innovation to assess their individual Agile journey, i.e., being product aligned rather than project aligned, a major paradigm of Agile methodology.

THE PROJECT TO PRODUCT ALIGNMENT EVOLUTION

In group insurance IT organizations, a product may be a system (portal, data warehouse, or mobile app) or a business capability (commercial lines quoting/rating). The key difference between a product and a project is durability. Products are durable, while projects are transient, with a defined beginning and end, between which project activities to deliver scope are executed.

Another key aspect of product alignment over project alignment is that teams within an organization support the product across its life cycle. In this way, the distinction between development and maintenance and support disappears; the team that builds the product is also responsible for its development and its evolution.[2] Ultimately, high-performing teams are no longer disbanded at the end of projects, avoiding the cycle of team formation, development, and completion.

THE RISE OF THE PRODUCT MANAGER

With the Agile maturity model's focus on product alignment, the role of the product manager becomes much more critical. Product managers oversee products through their entire life cycle and are responsible for their overall success, meaning that they meet the needs of their consumers.[3] Product managers have become particularly important to group insurers, due to insurers' increased digital presence. To be successful digitally, traditional methods used by insurers to identify, prioritize, and specify what to build aren't enough; product management is increasingly necessary for achieving successful digital objectives.[4]

OTHER AGILE OBJECTIVES

Another significant Agile objective is collaboration throughout all organizational teams, especially when it comes to innovation. Rather than being the domain of a delegated "innovation team," innovation efforts become everyone's responsibility, requiring perseverance, a willingness to experiment, and a lack of hierarchy.

Several large group insurers are already using Agile as the blueprint for cultural change. For example, they have executed aggressive plans to restructure their organizations, redefine roles and management, transform governance, and adjust KPIs to drive desired behaviors. These pioneers are demonstrating that transformation with the help of Agile methodology and assessment is possible and are leading the way in terms of Agile adoption, collaboration, and innovation.

CONCLUSION

As group insurers continue to seek differentiators to stand out in an intensely competitive and commoditized industry, they have turned to Agile methodology to facilitate collaboration, cultural change, and transformation. Their subsequent adoption of the Agile maturity model has helped them continuously assess their progress and execution to add value, revolutionize their operations, and ultimately redefine a successful implementation.

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1   "Agile Maturity Model for Insurers," Novarica Executive Brief, January 2020
2   Ibid.
3   Ibid.
4   Ibid.