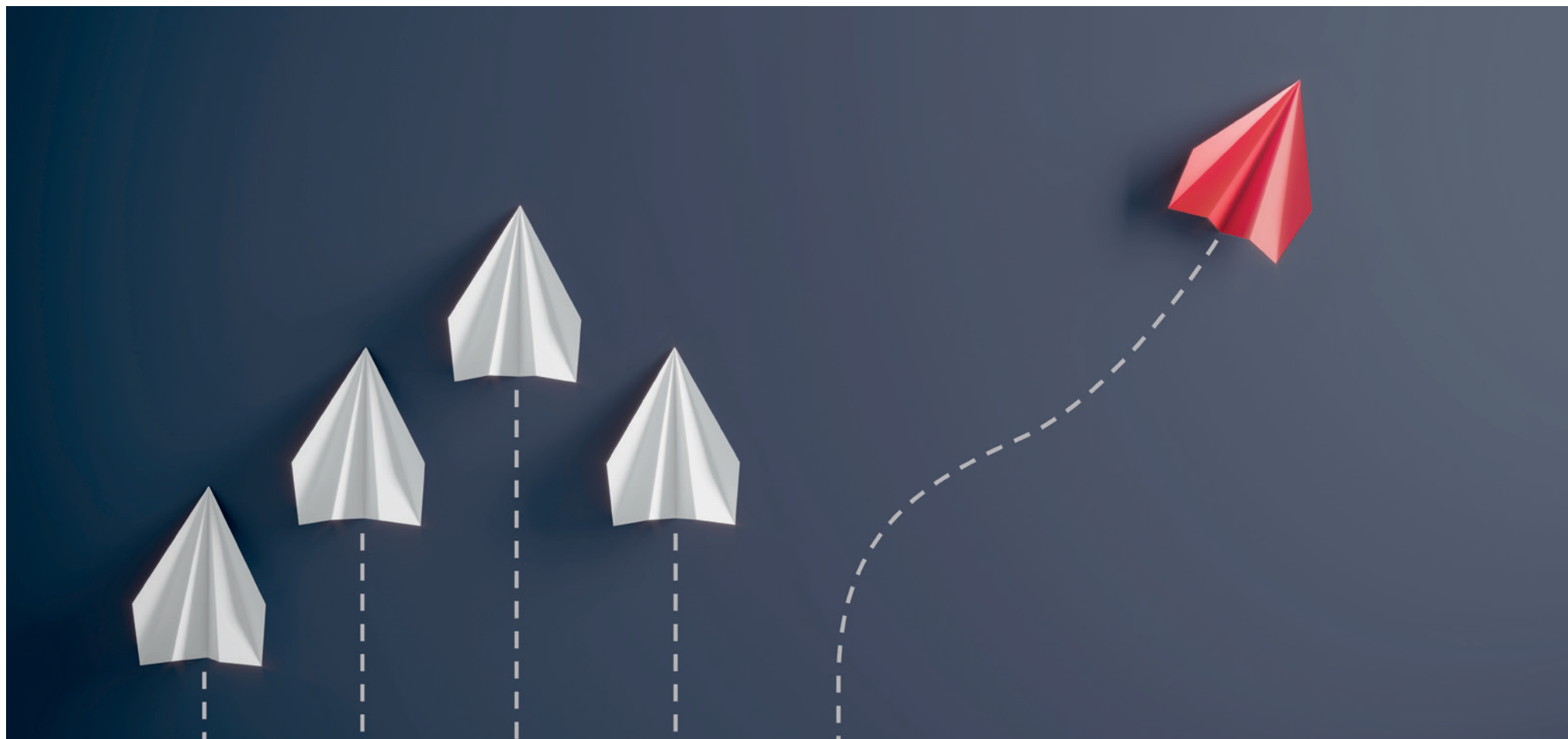


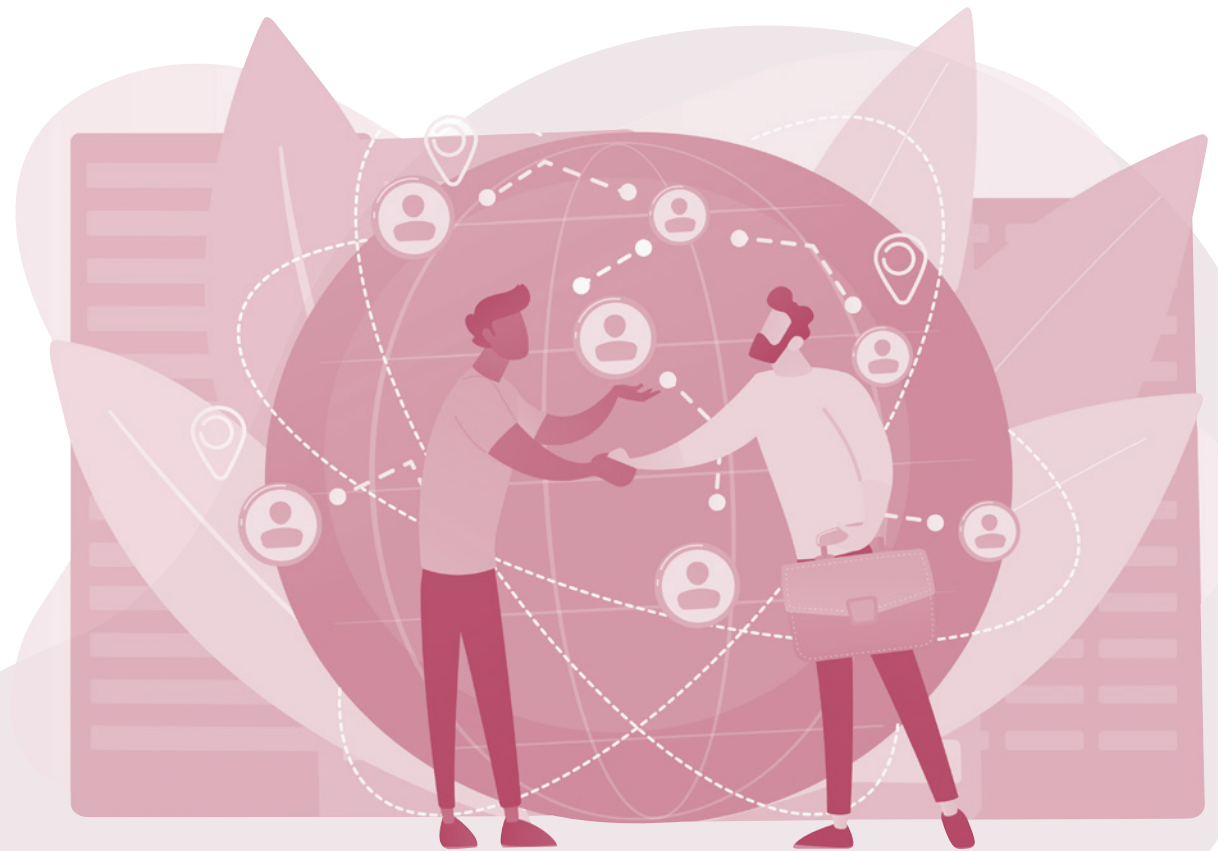
Study

Agile transformation in the European insurance sector



Executive summary

Increasingly competitive market conditions, more discerning customers, and rapidly changing technological requirements were already putting many companies under pressure. Then Covid-19 came along and shook the world to its core, putting many more companies either out of business or facing an uncertain future.



This has focused more attention on agile ways of working, which among its several claimed benefits is the ability to adapt more readily to changing circumstances either manmade or natural.

This paper looks at agile ways of working in the context of the European insurance sector. Several executives from leading insurance companies from France, Germany, Italy, Sweden and the UK were interviewed by consultants from The Transformation Alliance and kindly shared their thoughts and experiences resulting from the agile transformations that their companies are undergoing. After discussing some of the benefits of organizational agility, the text then covers how it affects company strategy, culture, technology, and ways of working.

At each stage, the invaluable insights given by the interviewees shows how the theory of agile is matched by the reality of agile.

The unanimous conclusion is that an agile transformation is challenging but worth pursuing.

However, it is not a journey that has to be tackled alone, as some of the interviewees pointed out. Outside help is available and can help to smooth the process. For this reason, we at The Transformation Alliance have summarized our approach to helping clients switch to agile ways of working.

Special thanks to all interview participants, managers and subject matter experts as well as our TTA colleagues who conducted the interviews.

Introduction: Go agile now or face the consequences

At the time of writing, the world was in the midst of a major global economic crisis sparked by the Covid-19 pandemic. It has caused significant economic and social harm with recession in some nations. With the end in sight, it is likely to become the worst global economic crisis since the Great Depression.

The devastating impact Covid-19 has had on the world has naturally made many of us rethink how we live and work, but while we are trying to cope with the day-to-day restrictions on our way of life it is easy to forget that the current crisis, while extreme, is far from exceptional. Worsening environmental conditions, natural disasters, political turmoil and international conflicts have all taken their toll on the world in living memory.



This begs the question, when do we get the message that we need to change the way we live, and of particular relevance to this paper, when and how do we change the operating models of our businesses and organizations so that they are better equipped to adapt to future crises?

We think that the answer to the second part of the question is by becoming more agile. Only in the last few years a large number of companies started their agile journey and understood how important this topic will be in the future. Even before the current crisis accelerated the push towards agile, some experts believed that the agile operating model is particularly relevant to banking and financial services. Digitalization has meant that change in the industry has been accelerating fast and this is forcing organizations to address the changes they need to make to their priorities and operating processes. In addition, banks and other financial institutions have grown tremendously complex and functionally siloed over the last few years. Agile is seen, therefore, as a way of simplifying organizational processes and creating

more accountability at the front-line level. The Covid pandemic has drastically highlighted the very obvious need for all businesses to be able to cope better with change and with disruptive events.

This paper, prepared by agile experts at the Transformation Alliance, looks at agility, its benefits generally and in the financial services sector in particular, and some of the prerequisites for switching to an agile operating model. Interviews with senior members from some prominent financial institutions in Europe provide a number of invaluable first-hand insights into the agile transformation of the companies involved.

It is time to stop procrastinating about agility and start the transformation. It might just be a case of get agile now, or risk the consequences.

“ORGANIZATIONS THAT CAN REACT QUICKEST TO A SITUATION WITH INNOVATION, DRIVE AND ENERGY, THOSE THAT CAN CHANGE DIRECTION WHEN REQUIRED, WILL WIN OUT OVER MORE TRADITIONAL ORGANIZATIONS IN THE FUTURE.”

OD Lead, Insurance Company (UK)

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1 What is agile?



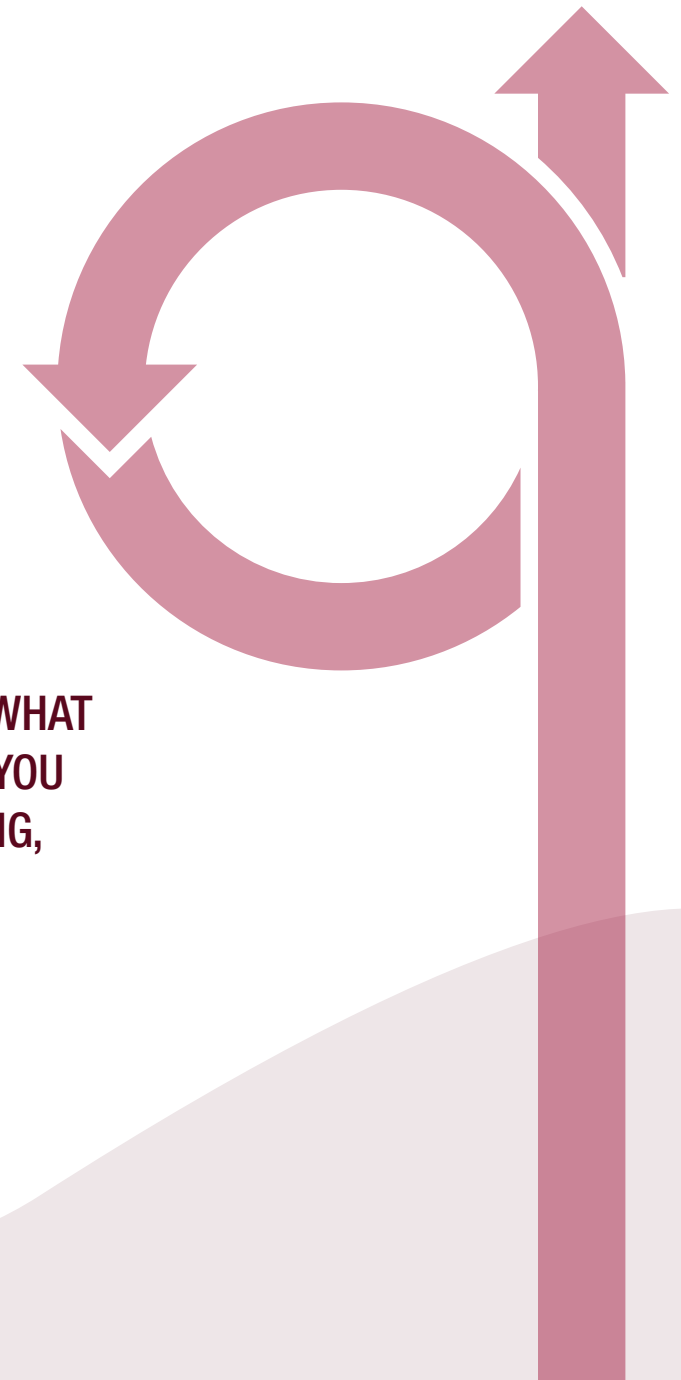
Open any standard English dictionary, look up the word ‘agile’ and you’ll see that it is given two slightly different descriptions. One refers to physical agility, or the ability to move quickly and easily, and the other to mental agility, the ability to think and understand quickly.

Both of these apply to agile organizations, which are loosely defined as those having the ability to respond rapidly to changing business environments and stakeholder or customer demands in order to maintain growth and stability. In the past, agile was more usually associated with project management as a methodology that uses short development cycles called sprints to focus on continuous improvements in a product or service, and less so as a strategic approach to running an entire business. This is changing and ever increasing numbers of companies are embracing agility in the way that they run their businesses, as it is now seen as a decisive factor in determining competitiveness and long-term survival in an increasingly turbulent world.

There are some notable companies who were early adopters of agile management, such as Google, Amazon, Netflix, Adobe, and Spotify, all of which are known for their speed in developing and delivering new products or services as a means to provide value to their customers. These are world famous brands, but there are many other companies that are quietly walking their own paths towards agility, including those in the financial services sector.

“IT’S VITAL THAT THERE’S A MUTUAL UNDERSTANDING AND DEFINITION OF WHAT AGILE IS. AGILE IS A BUZZWORD SO IF YOU DON’T CLARIFY IT FROM THE BEGINNING, EVERYBODY WILL CREATE THEIR OWN INTERPRETATION.”

CEO, Leading Insurance Company (Sweden)



1.1 Agility from the perspective of the insurance sector interviewees

A leading insurance company in Sweden began its journey towards becoming an agile organization in 2019. Nevertheless the company's CEO has her own ideas about agility, which she says is about having the flexibility to test hypotheses, being able to explore and not being "square" or "static" in the way the company works. It is about having the fundamentals in place, or as an executive of a French insurance company puts it: **"The company must be ready in its DNA."**

Being agile, in his opinion, means not being afraid of change, especially when you are part of the company's leadership. "I have to be able to respond to feedback from customers and my team, and given this new information, an agile mindset allows me to change my opinions."

Traditional organizations tend to have hierarchies, with decisions flowing downwards from the top. Conversely, agile organizations work via a system

**"AGILITY IS ABOUT CULTURE AND MINDSET!
AND THE ORGANISATION CAN SET THE FRAME
FOR CULTURAL CHANGE."**

Senior Manager, Life Insurance Company (Germany)

of autonomous networked teams all with a common purpose and vision, where decision making, and responsibility for those decisions, is shared. In the case of the Swedish insurance company, they learned early on that leading an agile organization involves delegating a significant amount of control and understanding that it is the collective teams and not the individual that are the most important part of the organization. "The goal should be that you, as the leader, become most important when you make your own role unimportant compared to the role of the team," she said. "That is how you become important."

The management of the French insurance company was also keen to emphasize the changing relationship between the leadership and the teams as it undergoes its agile transformation. **"It's up to the team to self-improve in continuous cycles."** The autonomous team must know how to improve continuously without the need to consult their leader."

A senior manager from a Swedish finance company, highlighted changed decision-making processes as one of the defining features of agile from her perspective. **"You need other types of decision-making processes,"** she said. "We changed from using a sequential waterfall

“THE BIGGEST CHALLENGE LIES IN THE LEADERSHIP. AN AGILE ORGANIZATION REQUIRES A DIFFERENT TYPE OF LEADERSHIP. MANAGERS HAVE TO GIVE UP CONTROL.”

CEO, Leading Insurance Company (Sweden)

approach to thinking in cycles. Even though in banking it's more difficult to take an iterative approach to our products compared to software development, we still found ways to break them down so we could test and refine each part. Agile decision making and new ways of looking at problems definitely made this process smoother.”

When asked to sum up her experience of going agile, an executive of a French multi-national personal insurance company, said: **“It's about a return to common sense. It's about speed of execution.** It's about focus rather than proliferation. It's also about the ability to deliver new services.” She explained that for them, it has been about looking to improve the processes used to serve their customers while also improving operational efficiency for the company. **“It's not just about cost reduction,”** she added.

ING: THE FIRST AGILE BANK IN GERMANY

All ING organizational units in Germany have been working in an agile manner since summer 2019, making the bank the first in Germany to transform the entire organizational structure towards agile work. The decision to do this was made in response to the way digitalization has changed people's lives. Services and products are available 24 hours a day. Markets and business models are changing faster than ever before, innovation cycles are getting shorter and shorter, and in an economy characterized by platforms and exchange, customers are increasingly expecting companies to treat them as individuals rather than as part of a collective mass. Recognizing that banks are no exception, ING took the decision to undergo a transformation that fundamentally changed its organizational structure and the corporate culture so that it could continue to be

successful as a provider of financial services. Above all ING, and banks in general, must be able to quickly identify changing customer requirements, translate them into entrepreneurial action and then return them to customers in the form of customized products and services within the shortest possible time. A significantly faster time-to-market and time-to-volume are decisive for success. This fundamental change can only be achieved with agility and that is precisely why ING went through the change process.

1.2 The new normal – adapting to disruption

Since the beginning of the Covid-19 pandemic at the end of 2019, we have seen a devastating impact on many in the business world. Some companies were able to adapt to the rapidly changing new world order, while others simply could not cope and crashed out of existence. The airline and hospitality industries are prime examples of the latter.

The question is, could agile management as a way to run a business have helped companies better cope with the sometimes overwhelming impacts of the pandemic? If that is the case, should agile become the new normal? In the case of the insurance and financial services companies interviewed for this paper, anecdotal evidence suggests that they were mostly able to cope well with the unprecedented challenge presented by Covid.

“Our new insurance products have been developed using agile methods,” said the CTO of a mutual

insurer focused on people working in the education sector in France. “This has been a revolution in an industry that is strongly regulated but being agile allows us to quickly design our new products. Agile has proven its relevance during Covid,” he added.

“The main agile drivers for us were always speed and adapting our solutions to a constantly changing environment,” said a senior executive from a multi-national insurer with headquarters in Italy. “Ironically, Covid-19 has been a tremendous accelerator for the adoption of lean methods, because of the need to find new ways of doing things,” he said.

The executive from a insurance company in France said they had a similar experience. “We quickly developed virtual ways of working to accommodate the number of people working from home during the pandemic,” she said, adding that **“the crisis has strengthened us in our convictions to become fully agile.”**

“BE PREPARED TO DEAL WITH THE PROBLEM OF RESISTANCE TO CHANGE: 50% OF OUR LEADERSHIP TEAM EMBRACED THE NEW WORKING METHODS WHILE THE REST RESISTED AND STUCK TO TRADITIONAL WORKING METHODS.”

General Manager, Mutual Insurance Company
(Italy)

This was a sentiment echoed by the senior manager from a Swedish financial services provider. **“Agile working practices put us in a better position to make the changes that were necessary to cope with the crisis.”** Even if it’s just the way our teams can self-organize, it helped.”

A Swedish insurance company had a similar experience of being able to readily adapt to the new normal presented by the pandemic. The company’s CEO acknowledged that the change to working from home during Covid was easy

“YOU MUST GIVE SOME THOUGHT TO THE PROBLEM OF HOW TO ENGAGE EVERY EMPLOYEE IN THE INNOVATION AND THE CREATIVE PROCESSES. HOW CAN THE POWER FROM ALL BRIGHT MINDS BE USED?”

CEO, Leading Insurance Company (Sweden)

because of the employees, now used to working in an agile environment, have the mental agility to deal with the changing circumstances.

In contrast to the positive tone of the interviewees above, not all of the companies that took part in the research for this paper readily adapted to the restraints and restrictions imposed by the pandemic. A senior executive from a mutual insurance company headquartered in Italy said that Covid-19 had been an obstacle to the company's evolution towards the introduction of more agile

methods. “We had to prioritize other projects,” he said. “Our degree of maturity was not high enough to transfer online the agile processes we had—we just interrupted them and went back to working as we had before.”

While it is Covid-19 and its impacts on businesses around the world that is the topic du jour, it is easy to overlook that the nature of our globalized industries, businesses and services means they are at the mercy of other major disruptive episodes, from geo-political events, regulatory changes, natural disasters, terrorism, and cyber-attacks. In Europe, for example, Brexit has had an adverse effect on trade, creating volatility and weakening established supply chains. Cybersecurity incidents also represent an increasing threat to any company that has an online presence, and that means most. In 2018, 62% of businesses experienced phishing and social engineering attacks* while in the first part of 2019, data breaches exposed 4.1 billion records**.

* <https://www.cybintsolutions.com/cyber-security-facts-stats/>

** <https://pages.riskbasedsecurity.com/2019-midyear-data-breach-quickview-report>

“The point of being agile is to be able to adapt to changes,” the CEO of a Swedish insurance company points out. “But to be honest, **adapting to highly disruptive episodes such as Covid-19 has been difficult for most companies,** irrespective of whether they're agile or not. Just because one has become agile does not immediately solve the problem.”

Being agile is not a panacea to solve all problems but maybe when the next major disruptive event happens—and there will be others—organizations that are agile may be better able to manage the crisis, even in just a small way. “An agile organization is more able to cope with disruptive developments,” he said.

“AGILITY ENABLES CREATIVITY—WHICH IS A GOOD PROTECTION AGAINST DISRUPTION.”

Senior Manager, Life Insurance Company (Germany)

1.3 The benefits of being agile

Broadly speaking, the traditional financial organization relied on a hierarchy and top-down management to control its employees and services as the means to maximize profits. It relied on extensive planning and clearly defined processes as its way to achieve efficiency. The agile organization takes a different approach. It unlocks the potential to create cross functional networks, it empowers employees to drive real value for customers, and it puts transparency, collaboration and experimentation at the heart of how it operates. Clearly the decision to make the transformation from a rigid, hierarchical, siloed organization to one with agility as its heart and soul is not one to be taken lightly. It means sweeping changes to the strategy, structure, processes, people and technology used in the organization, all of which sound costly and time consuming. So why do it?

As the OD lead of a UK Insurer told us “We are much more agile than not agile over the last three

30-75%
FASTER TIME TO MARKET

20-55%
INCREASE IN
PRODUCTIVITY

10-50%
MORE SATISFIED AND
MOTIVATED EMPLOYEES

25-75%
BETTER QUALITY
PRODUCTIVITY

FIGURE 1 THE BENEFITS OF GOING AGILE

Source: Scaled Agile Inc., SAFe, why do Businesses Need SAFe?, 2018

years and far less siloed as a result. We communicate better and are much more solution-focused.” The uncertainty that is symptomatic of the current pandemic will undoubtedly accelerate this trend, not least because an agile company is one that is comfortable with uncertainty. It has the ability to react successfully and quickly to changes in the marketplace and environment. It maximizes collaboration and innovation to solve complex problems. It is customer-focused and emphasizes transparent, repetitive and collaborative efforts of leadership and teams.

“ALWAYS KEEP IN MIND THAT AGILE IS A MEANS TO AN END, AND NOT THE GOAL ITSELF”

Senior Manager, Financial Service Provider (Sweden)

1.3 The benefits of being agile

Each of the financial services companies interviewed for this paper noted several measurable benefits after the introduction of agile structures. These include:

- > lower costs
- > higher employee engagement
- > more transparency so that employees have a better understanding of priorities
- > an increase in deliverables and higher productivity

In the case of one of the biggest financial services companies in Scandinavia, there were also a number of non-measurable improvements to the business:

- > better cooperation between operations and IT
- > an increased understanding by employees of complex decisions
- > increased participation in decision making and increased cooperation between teams
- > resource allocation has become easier, leading to fewer resource conflicts

“In general, we now have greater control our resource allocation since we have better control over utilization rates across the entire development process,” said the interviewee.

FIGURE 2 HIGHLIGHTS SOME SPECIFIC REASONS WHY MORE AND MORE COMPANIES ARE EMBRACING AGILITY AS PART OF THEIR CORE STRATEGY.

Sources: The Standish Group, Chaos Report 2015 (n>10,000 projects), VersionOne, 10th Annual State of Agile Survey 2015 (n=3, 925), Scrum Alliance, The 2015 State of Scrum Report (n=4, 452), Bain Agile Insights, Forbes, HBR

UNCOMPROMISING CUSTOMER FOCUS

49% of the top managers surveyed by Forbes say that the primary reason for Agile's success is its uncompromising customer focus.

IMPROVED RATE OF SUCCESS

Studies show there has been a 3-fold increase in project success for companies that have adopted Agile, with largescale transformations showing a 5-fold increase.

BETTER ORGANISATIONAL RESPONSIVENESS

87% of enterprises who have adopted Agile say their ability to manage priorities and respond to changing marketing forces has improved with Agile.

TEAM MORAL AND MOTIVATION

Agile is all about open and honest lines of communication – it creates an environment where employees feel more engaged and empowered.

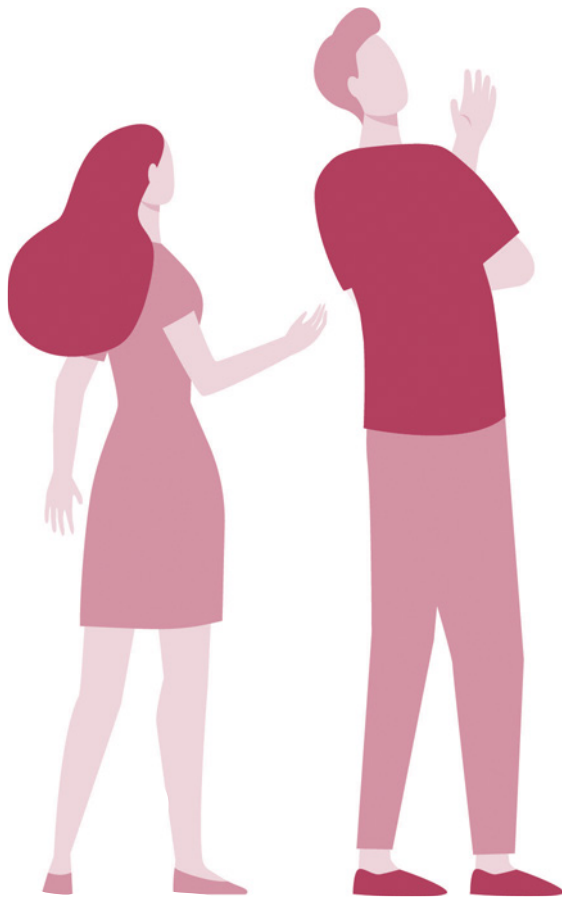
SPEED TO MARKET

Cross-functional Agile teams with the required capabilities dedicated to value streams enables focus and removes distraction – 77% of companies said Agile improves this.

INNOVATION UPWARD SPIRAL

In a study HBR concluded that innovation cycles can be compressed by more than 75% thanks to Agile, creating an upward spiral driven and accelerated by constant new offers.

1.4 Is agile the right approach for all organizations?



Some companies are born agile, others have to dedicate significant time and resources to be reborn as agile. But is it right for all companies? The evidence would suggest ‘yes’.

During the 2016 Global Peter Drucker Forum, generally considered to be the world’s leading general management conference, a panel of experts looked at examples of large and small companies and their efforts to make all, or parts, of their organizations more entrepreneurial and more agile. Four very different companies were investigated: **Ericsson**, a 140-year old Swedish firm

with around 100,000 employees; **Spotify**, then a rapidly growing, 8-year old music streaming company with more than 2,500 staff and more than 100 million active users globally; **Barclays**, a 326-year-old transatlantic bank with around 130,000 employees, and tech giant **Microsoft**, which at the time was 41 years old.

“TRANSPARENCY IS SUPER IMPORTANT. WE MADE AND FOLLOWED STRUCTURED COMMUNICATION PLANS. WE HAD OPEN HOUSES WHERE WE PUT THE CIO IN THE HOT SEAT. SO NOT BEING TRANSPARENT WAS NOT AN OPTION.”

CIO, Life Insurance Company (Sweden)

1.4 Is agile the right approach for all organizations?

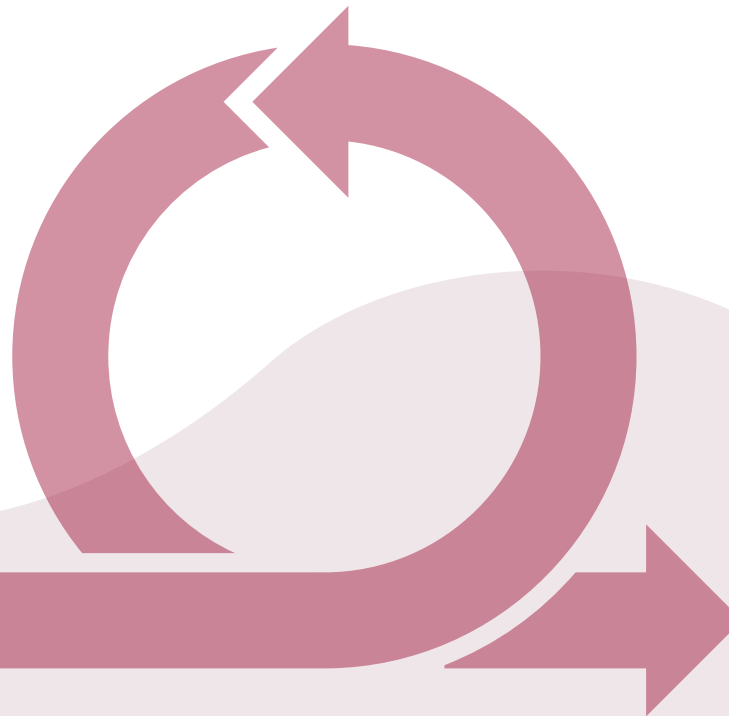
All of these (or large units within the firms) had been undergoing agile transformations for five years or more at the time. At the time. However, at this point none of these companies had completed their agile journey. None of them regarded agile as a magical solution to cure all their problems, and all of them were facing different challenges. However, despite the widely varying ages of these companies, the nature of their businesses, and the massive differences in size, all were benefiting. This fact can be seen as clear evidence to other companies that are beginning or contemplating their own agile transformation, that there is value to be had from moving in an agile direction.

In the financial services sector, **Quicken Loans, a USA-based mortgage lender**, increased its market share six-fold over a 10 year period. The company's CEO credited this phenomenal growth to it embracing agile approaches in which "the entire team works towards the common goal of making life radically simple for our clients through innovation and passion."

Take also the example of **Worldpay**. The US based payment business used agile processes to become a global payments-leader in 146 countries, handling \$1.5 trillion in transactions per year.

As noted in the Harvard Business Review in May 2016, agile is being embraced by all kinds of organizations. "Now agile methodologies—which involve new values, principles, practices, and benefits and are a radical alternative to command-and-control-style management—are spreading across a broad range of industries and functions and even into the C-suite."

Judging by the way that Covid-19 has affected every aspect of our lifestyles and the way we work and do business in a very short period of time, it is only logical to assume that even more organizations will be looking to future proof themselves.



2 The agile playing field

There are no hard and fast rules about what should and should not be done during an agile transformation—following rules is almost the opposite of what agile is about. However, there are some characteristics of agile organizations that act as a kind of framework, irrespective of business sector. We have split these into four key areas: strategy, people, processes and tools, and IT.

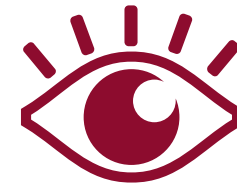


2.1 The old strategy design is dead, long live the new one

In these troubled times, one thing we can say for certain is that uncertainty is going to dominate how we live and do business for the foreseeable future. Even before the corona virus pandemic, a combination of geopolitical, demographic, environmental and technology factors were acting to diminish the value of the traditional business strategy. How many companies have worked hard to develop a detailed and comprehensive five-year strategic plan only to find that it becomes obsolete after only a few months? The pace of change is severely impacting the effectiveness of long-term planning.

The modern, agile strategy needs to be more fluid. The agile organization is characterized by having a long-term vision, its **North Star**, that incorporates its purpose and values that everyone in the organization should follow. This vision is accompanied by improvisation, a fundamental openness and flexibility at the tactical level. It means there is a willingness to explore, experiment, and to seek to create value for all stakeholders whenever there is an opportunity to do so.

What is clear is that the agile organization must be unwavering in its customer-centricity.



AT A GLANCE: THE AGILE STRATEGY

- > Agile strategy development – a clear North Star accompanied by improvisation
- > Customer centric
- > Digitalization strategy (digitalized business models)
- > Objectives and key results (OKRs)

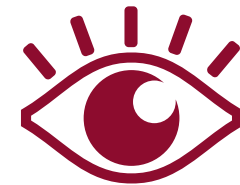
2.2 Culture, Mindset, Behavior & Structure

An agile transformation needs a systemic overhaul of both hard and soft aspects of company culture. The hard aspects include organizational structure, delegation, governance and decision-making processes. This requires reviewing KPIs reworking recognition systems and redesigning recruitment processes too.

Then there are the so-called soft cultural ingredients, including leadership style, values, behaviours communication patterns, employee engagement mechanisms, etc.

In essence, developing an agile culture means changing how things are done. Rather than top-down command and control, the agile organization should be more about empowerment and giving people the authority to think and act for themselves.

It means having **buy-in from the top down, creating an environment with clear and consistent communication between teams, knowledge sharing and collaboration**, and always putting the customer first.



AT A GLANCE: AGILE CULTURE, MINDSET, BEHAVIOR & STRUCTURE

- > Participation in organizational design and transformation
- > Talent management
- > Skills & leadership development
- > Clear, flat structure
- > Clear, accountable roles
- > Breaking down silos
- > Knowledge sharing

One of the striking differences between traditional and agile ways of working is the level of ownership and accountability they give to team members. In traditional companies, projects tend to be run by a project manager who calls the shots and has almost complete responsibility for the project's outcomes. In agile teams, each member shares ownership of the project and responsibility for outcomes and this drives greater engagement.

Some companies and their leadership understand this, but most don't. Consider, for example, the cultural mindset of knowledge sharing, an essential requirement for an agile organization. **According to a Gallup study, only 30% of US and 36% of European workers strongly agree that their coworkers share knowledge.** Silos have no place in the agile workplace--without knowledge sharing agile teams function less effectively, if at all.

“SOME SENIOR LEADERS DO AN EXCELLENT JOB OF MAKING THE SHIFT FROM COMMAND-AND-CONTROL TO EMPOWERMENT. SOME UNDERSTAND THE BENEFITS AND SAY THE RIGHT THINGS BUT DO NOT ALWAYS DO WHAT THEY SAY. OTHERS ARE SIMPLY STUCK IN THE DARK AGES.”

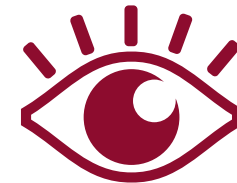
OD Lead, Insurance Company (UK)

2.3 Processes: from sequential to iterative

Traditional business models value forward planning and develop working processes around this. These processes usually follow a fixed sequence: initiation, planning, execution, monitoring, and closure. This waterfall approach puts special emphasis on upfront planning, prioritization and delivering a finished product. Agile processes differ significantly. The agile way of working is **iterative and values experimentation and adaptability**. It's an approach that involves rapid decision and learning cycles. The focus is on delivering a minimum viable product very quickly that is then improved in the next iteration (think of software updates on your computer).

This does not just affect how teams work but can also impact processes used at the enterprise level. For example, rather than traditional annual planning, budgeting, and review (as would be the norm in the traditional workplace) **some organizations are moving to quarterly cycles, dynamic management systems like objectives and key results processes (OKRs), and rolling 12-month budgets**. This can have significant impact. For example, a **global bank closed its project-management office and shifted its product-management organization from a traditional waterfall approach to a minimal viable product-based process**. It moved from four major release

cycles a year to several thousand product changes monthly. As a result, it increased product development, deployment, and maintenance productivity by more than 30 percent.



AT A GLANCE: AGILE PROCESSES

- > End-to-end process design
- > Integrated workflows
- > Cross-functional co-working
- > Agile KPIs
- > Rapid iteration & experimentation
- > Continuous learning
- > Action-oriented decision making

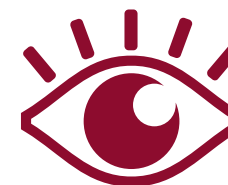
“OUR TEST-AND-LEARN PROCESSES MEAN THAT WE CAN BUILD SOLUTIONS QUICKLY, PUT THEM INTO PRACTICE AND FURTHER DEVELOP THEM. WE GET VALUE MUCH QUICKER AS A RESULT”

OD Lead, Insurance Company (UK)

2.4 Technology, Tools and Methods

In agile organizations, technology is strategic, not an add-on brought in after the fact. That means there must be someone dedicated to it full time who has a full understanding of the organization's business strategy and the technical expertise to know how to leverage technology to make the business more competitive, more efficient and more dynamic. This is why we are generally seeing more companies, irrespective of whether they are in financial services or manufacturing, employ a **chief digital officer** as part of the executive team.

Agile organizations have embraced **digitalization, or industry 4.0**. They have undergone a complete digital transformation and make full use of disruptive, future-proof technologies. To succeed, let alone survive in a post-covid world, an agile organization must explore how to exploit digital technologies such as artificial intelligence, big data and advanced analytics, the internet-of-things and robotics, as well as technologies that push the boundaries of customer intelligence and customer experience. **Online wealth management firm iQuantifi** uses robo-advisers and algorithms to provide financial advice to clients. **Digital mortgage lending platform provider Roostify** has partnered with **JPMorgan Chase** to let home-buyers track loan applications online.



AT A GLANCE: AGILE TECHNOLOGY

- > Digitalization
- > Connected services
- > Remote working
- > Predictive analytics
- > End-to-end IT systems
- > Standardized IT landscape
- > AI, Data mining/ Big data, advanced analytics

TOOLS & METHODS

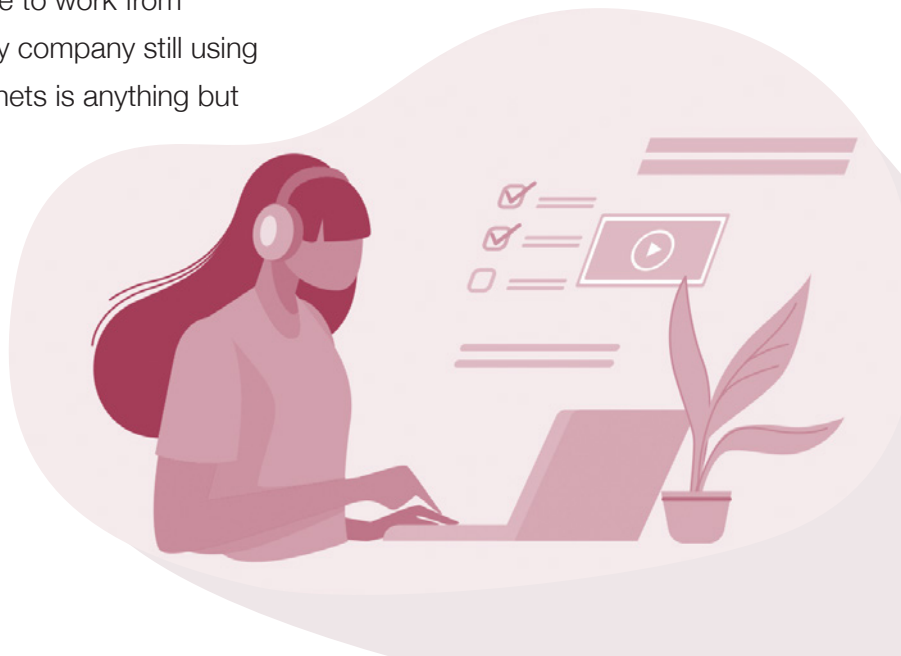
- > Scrum
- > KANBAN
- > Design thinking
- > Rapid Prototyping

Many people are working from home as a result of the pandemic so the technology in the agile organization has to support this new, remote operational model. This means real-time communication, management, and team collaboration tools, which will more likely than not mean moving these tools to the cloud. All company information should be digitized and also stored in the cloud so that every with the right access can get the information they need as and when they need it, from wherever they are, and via whatever device (smartphone, laptop, tablet) they are using. This democratization of information will enable employees to continue to work from wherever they are based. Any company still using paper records and filing cabinets is anything but agile.

An important part of the technology transformation in the agile organization is the introduction of enterprise-wide standards. As mentioned earlier, **agile organizations leverage standardized ways of working to facilitate interaction and communication between teams**, including the use of common language, processes, meeting formats, social-networking or digital technologies. This minimizes handovers and interdependencies that can slow down production cycles.

WITH NEW TECHNOLOGY COME NEW WAYS OF WORKING

Agile techniques have been used to great effect across different industries and sectors (high tech, financial services, media and entertainment) to enhance their response to changing customer needs, to achieve quicker delivery of better products and to reduce the complexity of their existing processes. However, although these are proven techniques that help to create real value, they require a change to the mindset of the people in the organization and should eventually lead to a deep cultural transformation.



3 Agile implementation: a worthwhile journey



There is a lot more to an agile transformation than using different technological tools and changing the way people work. These steps are necessary but they have to be backed up with a deep cultural shift throughout the entire organization, starting from the top down. The overall goal of an agile transformation is to change the organization to one where creativity and innovation are fully embraced; where employees are empowered and work with minimal supervision; and where hierarchies are flattened and unnecessary layers of management stripped away.

The end result may include cross-functional or self-organized teams, a renewed focus on customer satisfaction, a reduction in processes and plans in favor of action, and increased levels of internal communication and information sharing.

There are also important technical considerations, like digitalizing the organization and the processes used, but perhaps the most important

consideration is the impact an agile transformation will have on the organization's own employees. The CTO of a French mutual insurance company described the process of becoming agile as a personal and collective revolution for staff and teams. **"Ninety percent of those that tried and accepted agile do not want to go back to the previous situation,"** he said. "Unfortunately, we also have people that did not accept agile. It's a tricky transformation. It's hard for some to fully adopt a concept that puts constant adjustments at its core. Transparency does not allow you to 'hide' your weaknesses. A strong collective game requires strong individual players."



The interviewees working for an **Italian insurance company also identified corporate culture as perhaps the key consideration in the journey to agile.** There must be a clear and consistent adoption of agile cultural behavior throughout the organization. This can be easier said than done. “We’ve been working on this in the last years, and introducing new facilitation techniques, but I’m aware that we did not make any breakthroughs. We’re working very hard on our leadership model, in the context of a broader reorganization project, but we are still far from reaching our ambitions, in spite of several efforts, including team-coaching and 1:1 coaching.”

Undergoing an agile transformation sounds like a major time commitment, and it is. **“We have been working on the implementation for 18 months but we are still far from being agile,”** the CEO of a Swedish insurance company said.

“Resilience is vital,” stressed the CIO from another Swedish insurance company. **“It took two-and-a-half-years to get to where we wanted to be.** We agreed not to follow up or measure the first year so as not to put too much pressure on if we weren’t getting results fast enough. Even so, after the first program increment many wanted to give up,” he added. Nevertheless, looking back the interviewee said he is very pleased with how the journey has been and satisfied with just how far they have come.

“WE CHOSE A STEP-BY-STEP IMPLEMENTATION INVOLVING THREE BUSINESS UNITS FIRST RATHER THAN A BIG BANG. WE HAVE A TRANSFORMATION LEADER WHO HAS DRIVEN THE WORK FORWARD AND IT HAS BEEN INVALUABLE THAT THE TRANSFORMATION LEADER HAS KNOWLEDGE OF THE ENTIRE BUSINESS.”

Head of Marketing, Pension Company (Sweden)

3.1 Agile prerequisites

It is helpful to get the journey off to a good start by making sure certain prerequisites are met from the very beginning. A selection of advice and recommendations from the interviewees can be found throughout this paper. The CTO of a French mutual insurance company summed up the approach they took:

“WE WORKED WITH MANAGERS ON THE SERVANT LEADER PRINCIPLE. WE INTERVIEWED MANY COMPANIES OR TEAMS THAT HAD ALREADY EXPERIENCED AGILE, LISTENING WITHOUT JUDGING. WE CREATED OUR OWN AGILE WAY BASED ON PREVIOUS EXPERIENCES AND OUR CULTURE. THERE IS NO ONE-AGILE WAY.”

Or as an executive of a French multi-national personal insurance company put it:

“AGILE IS NOT AN ORAL CULTURE ONLY... YOU HAVE TO DRIVE THE TRANSFORMATION, CHANGE THE INTERNAL DYNAMICS, BRING OUT NEW TALENTS AND NEW SKILLS FOR EVERYONE IN THE COMPANY, INCLUDING THE OLDEST.”

There is a lot involved and while there is no off-the-shelf solution, there are a number of common reasons why an agile transformation may fail.



3.2 Agile implementation via the five key cycles of value

In our experience, getting agile practices to work typically requires intervention and support in four areas: **training**, **social learning**, **coaching**, and **enabling champions**. These four 'spheres' help the individuals and teams to develop the capabilities, confidence and credibility to deliver the agile transformation and implement new ways of working. Learning and coaching are perhaps the two most important interventions as it is through these that measures are put in place to ensure that all the program components operate in harmony.

Social learning refers to the cross-program practices, frameworks, handovers and knowledge sharing that together create a shared playbook for effective delivery.

Coaching is provided by an experienced enterprise agile coach, whose job it is to guide the key personnel towards agile ways of working, help resolve pinch-points, and support the transformation team through key activities such as reviews, retrospectives, and backlog refinements in a way that a traditional project management would not.

“WE HAD BEEN WORKING ON OUR AGILE TRANSFORMATION FOR 18 MONTHS AND HAD NOT PROGRESSED AS MUCH AS WE HAD HOPED FOR WHEN WE DECIDED TO PAUSE AND EVALUATE. YOU SHOULD NOT BE AFRAID OF DOING THIS SINCE EVALUATION AND LEARNING IS THE ESSENCE OF BEING AGILE.”

Head of Marketing, Pension Company (Sweden)



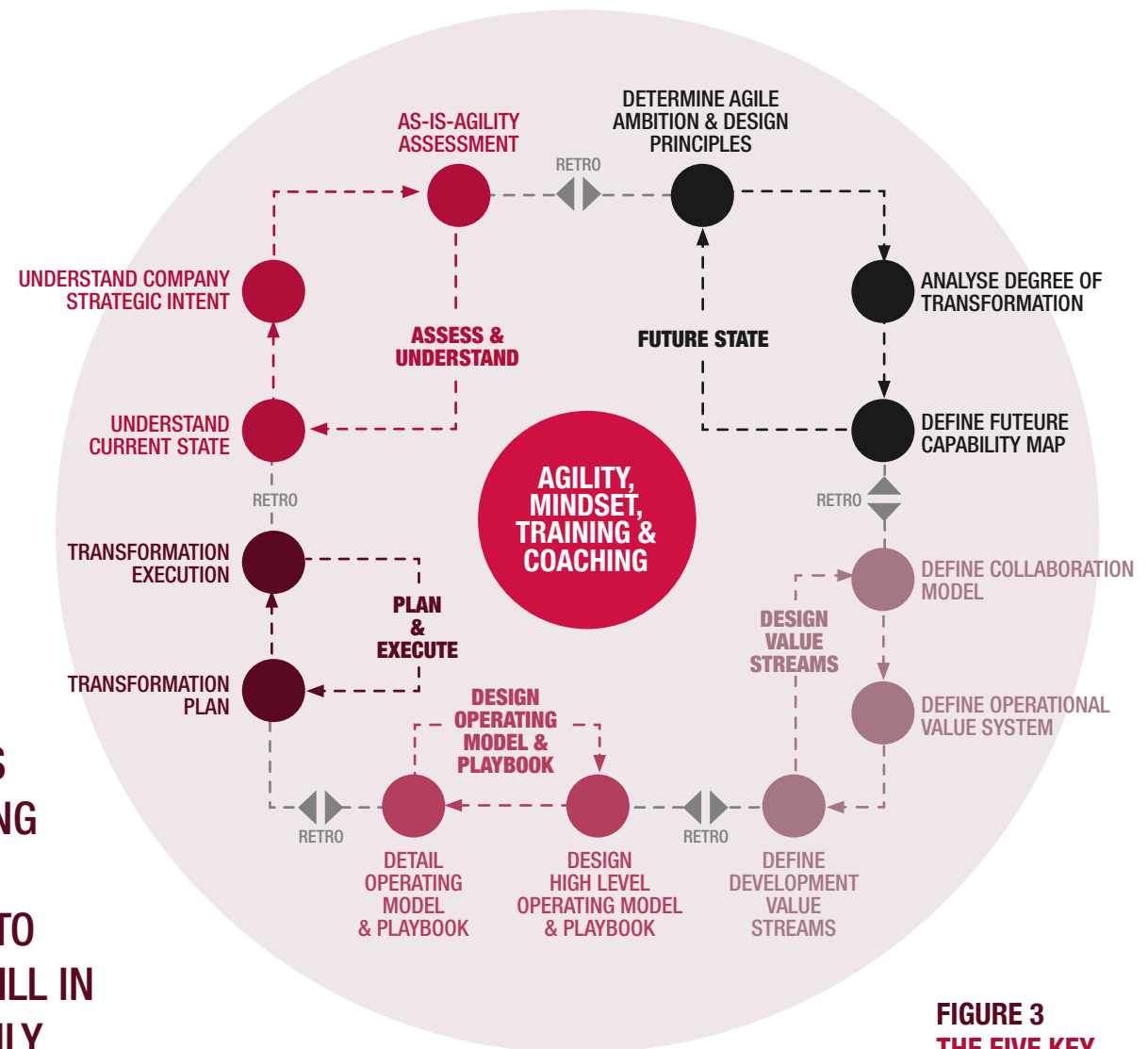
So exactly how do you make a success of an

agile transformation? The Transformation Alliance approaches the challenge using what it describes as the five key cycles of value. These are illustrated in Figure 3. It's an approach that begins with clear outcomes that must be developed and iterated, with an agile mindset, training and coaching at its heart.

Each of these five cycles aims at delivering clear and distinct outcomes. At the end of each cycle a reflection session is required to understand what worked and what needs to change to build agility 'muscle memory' in your organization.

“YOU HAVE TO BE ABLE TO ADAPT THE SKILLS YOU HAVE AVAILABLE RATHER THAN BRINGING IN PEOPLE TO FILL CERTAIN ROLES. OUR ORGANIZATION IS LEAN AND THIS CAN ADD TO THE CHALLENGE. IF YOU ONLY HAVE ONE SKILL IN ONE AREA, THIS CAN'T BE DEDICATED TO ONLY ONE DEPARTMENT OR TEAM.”

Head of Marketing, Pension Company (Sweden)



**FIGURE 3
THE FIVE KEY
CYCLES OF VALUE**

Source: Q5/Cordial 2020

1 ASSESS AND UNDERSTAND

A clear assessment of the current situation and an understanding of the level of 'agility maturity' is essential in starting on the journey to agile.

2 FUTURE STATE

This involves defining what 'agile' means for your organization and setting out the agile ambition for each organization along with principles to guide the agile transformation team.

3 DESIGN VALUE STREAMS

The next cycle is for defining the cross-functional teams that can deliver high-level, horizontal business value for the organization, and the capabilities and resources they need.

4 DESIGN AN OPERATING AND PLAYBOOK

The purpose of the fourth cycle is to organize and agree where and how decisions are made.

5 PLAN AND EXECUTE

The fifth and final cycle is where the metrics of success are agreed, how the transformation should be implemented or scaled, and best to assess what else is needed.

We understand that companies will be at different stages of their agile journey which is why our approach has the flexibility to focus on the cycles of value that add most to your organization whatever stage you are at.



The best practice is to start from the first cycle, assess and understand, but it's possible to begin delivering value starting from any of the five cycles. Most importantly, we believe an **enterprise agile transformation** should be owned by the leadership team. Leading the agile transformation from the top makes it much more likely that the right balance of agile ambition will be achieved across the business.

“WE TRIED TO MOVE TOO QUICKLY AT THE BEGINNING BUT THEN HAD TO BACK UP A BIT. IT’S MORE A CASE OF ‘SLOW AND STEADY WINS THE RACE.’”

Senior Manager,
Financial Service Provider (Sweden)

3.3 Final thoughts

Insurance companies, as well as other financial institutions, are under pressure. Customers have become considerable more savvy and demand the same level of service and efficiency as they get from the likes of Amazon, for example. Although the platforms and business applications financial services firms use have evolved enormously in recent years and are continuing to do so at a rapid rate, this alone is not enough to ensure the long-term survival and success of those companies operating in this sector. Difficult market conditions in the past few years and an increasingly competitive landscape were already fuelling the need to improve offerings and speed to market, while also providing higher levels of service to customers.

Then we were hit by the Covid-19 pandemic, which laid bare just how vulnerable we are to major disruptions. Although this was extreme in its impacts, it is far from an isolated event. This realization is prompting more companies to look at ways of future proofing themselves.



“THERE WAS RESISTANCE TO CHANGE ... CONSULTANTS HELPED US OUT IN TWO WAYS: FIRST, THEY COACHED US THROUGH THE PROCESSES AND METHODS. SECOND, THEY KNOW HOW TO MEDIATE BETWEEN BUSINESS REQUIREMENTS AND AGILE METHODOLOGIES. THIS INCREASES THE LIKELIHOOD OF ADOPTION AND ADAPTATION.”

Head of Organization, Insurance Company (Italy)

Agile adoption in other business sectors has been driven by the need to deliver high value, create software that meets end user goals, and to reduce risk but the financial services and insurance sector in Europe has been hesitant, especially when compared to their American counterparts.

This is now changing, and there are a number of insurance companies, such as those featured in this text, that have begun their agile transformations. As the interviewees who

contributed to this paper make very clear, it is a challenging and long road, with their companies' strategies, people, processes and tools, and IT all needing to change along the way. As one interviewee succinctly put it:

“AGILE IS ABOUT METHODOLOGY, CULTURE, MEASUREMENT, AND RIGOR. IT IS NOT A HOLIDAY CAMP. TO WORK, IT NEEDS CONSTANT ATTENTION. AGILE IS NOT NATURAL. IT IS A TRANSFORMATION PROCESS AND NEEDS TO BE ADDRESSED AS ONE.”

CTO, Mutual Insurance Company (France)

But step-by-step, these leading European insurers are progressing towards a more certain future as agility will put them in a better position to be able to adapt to whatever manmade and natural disruptions are waiting down the line.



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